

Our file ref. : GSS/M201

Date : 22 February 2007

Exemption No.: 82-34861

The U.S. Securities and Exchange Commission
450 Fifth Street, N.W.,
Room 3099
Office of International Corporate Finance
Mail Stop 3 - 7
Washington D.C. 20549

BY COURIER**Re : Malayan Banking Berhad ("Maybank")****SUPPL**

On behalf of Maybank, a company incorporated in Malaysia, I am furnishing herewith the below listed document(s) pursuant to Rule 12g3-2(b) (iii) under the Securities Exchange Act of 1934 ("Exchange Act") :-

No.	Date of Announcement	Description of Document
1.	21 February 2007	Interim Dividend of 40 sen per share less tax 27%
2.	21 February 2007	2nd Quarterly Report For The Financial Period Ending 30 June 2007.

Yours faithfully
for **MAYBANK**,

PROCESSED

MAR 06 2007

**THOMSON
FINANCIAL**


MOHD NAZLAN MOHD GHAZALI
Executive Vice President
General Counsel & Company Secretary

Enc.

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Form Version 2.0

Entitlements (Notice of Book Closure)

Submitted by MALAYAN BANKING on 21/02/2007 06:05:08 PM

Reference No MB-070221-64048

Submitting Merchant Bank :
(if applicable)
Submitting Secretarial Firm Name :
(if applicable)

* Company name : **Malayan Banking Berhad**
* Stock name : **MAYBANK**
* Stock code : **1155**
* Contact person : **Mohd Nazlan Mohd Ghazali**
* Designation : **Company Secretary**

* Entitlement date : **12/04/2007** ¹⁶
* Entitlement time : **05:00:00 PM** ¹⁶
* Entitlement subject : **Interim Dividend**
* Entitlement description :
Interim Dividend of 40 sen per share less tax 27%
Period of interest payment : ¹⁶ to ¹⁶
Financial Year End : **30/06/2007** ¹⁶
Share transfer book & register of members will be : **13/04/2007** ¹⁶ to **14/04/2007** ¹⁶
closed from
(both dates inclusive) for the purpose of determining the entitlements

* Registrar's name ,address, telephone no
Share Registration, Corporate & Legal Services
14 Floor, Menara Maybank
100 Jalan Tun Perak
50050 Kuala Lumpur
Payment date : **26/04/2007** ¹⁶
A depositor shall qualify for the entitlement only in respect of:

* a) Securities transferred into the Depositor's : **12/04/2007** ¹⁶
Securities Account before 4:00 pm in respect of
transfers
b) Securities deposited into the Depositor's : **10/04/2007** ¹⁶
Securities Account before 12:30 pm in respect of
securities exempted from mandatory deposit
c) Securities bought on the Exchange on a cum entitlement basis according to the rules of the
Exchange.

Number of new shares/securities issued (units) (If :
applicable)

* Entitlement indicator : **Ratio** ● **RM**
Percentage

* Entitlement in RM (RM) : **0.4**
Remarks



Form Version 2.0

Financial Results

Submitted by MALAYAN BANKING on 21/02/2007 06:00:17 PM

Reference No MB-070216-51673

Submitting Merchant Bank :
(if applicable)
Submitting Secretarial Firm Name :
(if applicable)
* Company name : **Malayan Banking Berhad**
* Stock name : **MAYBANK**
* Stock code : **1155**
* Contact person : **En. Mohd Nazlan Mohd Ghazali**
* Designation : **Company Secretary**

Part A1 : QUARTERLY REPORT

* Financial Year End : 30/06/2007 ☐ 16

* Quarter : ☐ 1 Qtr ☒ 2 Qtr ☐ 3 Qtr ☐ 4 Qtr ☐ Other

* Quarterly report for the financial period ended : 31/12/2006

* The figures : ☐ have been audited ☒ have not been audited

Please attach the full Quarterly Report here:

Maybank Results - 31 Dec 2006.p

Remarks:

Part A2 : SUMMARY OF KEY FINANCIAL INFORMATION

Summary of Key Financial Information for the financial period ended
* 31/12/2006

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER *	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE *	PRECEDING YEAR CORRESPONDING PERIOD
		31/12/2006 <input type="checkbox"/> 16	31/12/2005 <input type="checkbox"/> 16	31/12/2006 <input type="checkbox"/> 16	31/12/2005 <input type="checkbox"/> 16
		[dd/mm/yyyy] RM'000	[dd/mm/yyyy] RM'000	[dd/mm/yyyy] RM'000	[dd/mm/yyyy] RM'000
1	Revenue	3,464,889	3,295,181	7,027,301	6,458,215
2	Profit/(loss) before tax	1,128,083	919,606	2,008,984	1,866,484
3	Profit/(loss) for the period	825,345	641,022	1,418,551	1,320,482

4	Profit/(loss) attributable to ordinary equity holders of the parent	789,124	634,079	1,365,088	1,307,024
5	Basic earnings/(loss) per share (sen)	20.58	16.84	35.75	34.89
6	Proposed/Declared dividend per share (sen)	40.00	0.00	40.00	0.00
		AS AT END OF CURRENT QUARTER*		AS AT PRECEDING FINANCIAL YEAR END	
7	Net assets per share attributable to ordinary equity holders of the parent (RM)	4.6608		4.4156	
Remarks :					

Note: For full text of the above announcement, please access the Bursa Malaysia website at www.bursamalaysia.com

Part A3 : ADDITIONAL INFORMATION

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER*	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE*	PRECEDING YEAR CORRESPONDING PERIOD
		31/12/2006 ¹⁶	31/12/2005 ¹⁵	31/12/2006 ¹⁶	31/12/2005 ¹⁵
		[dd/mm/yyyy] RM'000	[dd/mm/yyyy] RM'000	[dd/mm/yyyy] RM'000	[dd/mm/yyyy] RM'000
1	Gross interest income	2,636,514	2,085,249	5,264,794	4,145,161
2	Gross interest expense	1,387,829	989,338	2,718,183	1,948,114

Remarks :

Note: The above information is for the Exchange internal use only.

MALAYAN BANKING BERHAD
(3813-K)
(Incorporated in Malaysia)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENT
FOR THE SECOND FINANCIAL QUARTER ENDED 31 DECEMBER 2006

<u>Group</u>	<u>Note</u>	2nd Quarter Ended		Cumulative 6 Months Ended	
		31 December	31 December	31 December	31 December
		2006	2005	2006	2005
		RM'000	RM'000	RM'000	RM'000
			(Restated)		(Restated)
Continuing Operations					
Interest income	A14	2,636,514	2,085,249	5,264,794	4,145,161
Interest expense	A15	(1,387,829)	(989,338)	(2,718,183)	(1,948,114)
Net interest income		1,248,685	1,095,911	2,546,611	2,197,047
Income from Islamic Banking					
Scheme operations:					
Gross operating income		185,401	204,007	379,204	405,067
Profit equalisation reserves		34,992	31,899	91,192	31,333
	A26b	220,393	235,906	470,396	436,400
		1,469,078	1,331,817	3,017,007	2,633,447
Non-interest income	A16	792,588	674,603	1,342,202	1,338,598
Net income		2,261,666	2,006,420	4,359,209	3,972,045
Overhead expenses	A17	(981,251)	(764,312)	(1,874,077)	(1,507,484)
Operating Profit		1,280,415	1,242,108	2,485,132	2,464,561
Allowance for losses on loans, advances and financing	A18	(153,917)	(322,433)	(477,733)	(598,032)
		1,126,498	919,675	2,007,399	1,866,529
Share of profits in associated companies		1,585	(69)	1,585	(45)
Profit before taxation		1,128,083	919,606	2,008,984	1,866,484
Taxation & Zakat		(302,738)	(278,584)	(590,433)	(546,002)
Profit for the period		825,345	641,022	1,418,551	1,320,482
Attributable to:					
Equity holders of the parent		789,124	634,079	1,365,088	1,307,024
Minority Interest		36,221	6,943	53,463	13,458
		825,345	641,022	1,418,551	1,320,482
Earnings per share attributable to equity holders of the parent					
Basic	B12	20.58 sen	16.84 sen	35.75 sen	34.89 sen
Fully diluted		20.48 sen	16.76 sen	35.46 sen	34.71 sen

(These condensed financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2006 and the accompanying explanatory notes attached to the interim financial statements)

MALAYAN BANKING BERHAD
(3813-K)
(Incorporated in Malaysia)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED INCOME STATEMENT
FOR THE SECOND FINANCIAL QUARTER ENDED 31 DECEMBER 2006

<u>Bank</u>		2nd Quarter Ended 31 December 2006 RM'000	31 December 2005 RM'000 (Restated)	Cumulative 6 Months Ended 31 December 2006 RM'000	31 December 2005 RM'000 (Restated)
Continuing Operations					
Interest income	A14	2,415,238	1,964,159	4,838,494	3,852,698
Interest expense	A15	(1,257,802)	(916,152)	(2,463,272)	(1,779,128)
Net interest income		1,157,436	1,048,007	2,375,222	2,073,570
Income from Islamic Banking					
Scheme operations:					
Gross operating income		181,417	198,481	371,213	391,857
Profit equalisation reserves		35,980	28,644	91,290	27,265
	A26b	217,397	227,125	462,503	419,122
		1,374,833	1,275,132	2,837,725	2,492,692
Non-interest income	A16	730,220	641,650	1,105,208	1,196,124
Net income		2,105,053	1,916,782	3,942,933	3,688,816
Overhead expenses	A17	(819,764)	(689,667)	(1,571,621)	(1,345,307)
Operating Profit		1,285,289	1,227,115	2,371,312	2,343,509
Allowance for losses on loans, advances and financing	A18	(154,809)	(289,176)	(490,575)	(547,292)
Profit before taxation		1,130,480	937,939	1,880,737	1,796,217
Taxation & Zakat		(305,687)	(263,819)	(570,442)	(506,393)
Profit for the period		824,793	674,120	1,310,295	1,289,824

(These condensed financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2006 and the accompanying explanatory notes attached to the interim financial statements)

MALAYAN BANKING BERHAD
(3813-K)
(Incorporated in Malaysia)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED BALANCE SHEETS AS AT 31 DECEMBER 2006

		GROUP		BANK	
		31 December 2006 RM'000	30 June 2006 RM'000 (Restated)	31 December 2006 RM'000	30 June 2006 RM'000 (Restated)
	Note				
ASSETS					
Cash and short-term funds		27,445,171	32,035,395	27,205,370	27,542,452
Deposits and placements with financial institutions		18,112,060	4,051,409	14,186,383	3,010,830
Securities purchased under resale agreements		382,637	1,503,957	382,637	1,503,957
Securities held-for-trading	A8(i)	1,784,941	477,698	1,210,335	476,976
Securities available-for-sale	A8(ii)	30,171,110	27,445,865	25,279,537	23,143,904
Securities held-to-maturity	A8(iii)	3,036,085	5,798,259	2,327,542	3,268,867
Loans, advances and financing	A9	131,097,762	131,453,654	126,673,664	127,848,395
Other assets	A10	2,531,339	3,025,581	2,198,705	1,723,904
Statutory deposits with Central Banks		5,118,857	3,701,824	4,929,690	3,515,995
Investment in subsidiary companies		-	-	2,556,543	2,713,793
Investment in associated companies		12,083	9,620	7,940	7,940
Intangible assets		81,015	-	81,015	-
Property, plant and equipment		1,409,470	1,403,808	1,179,158	1,179,498
Deferred tax assets		1,009,693	1,177,568	985,076	1,120,495
Life, general takaful and family takaful fund assets		13,217,339	12,120,688	-	-
TOTAL ASSETS		235,409,562	224,205,326	209,203,595	197,057,006
LIABILITIES					
Deposits from customers	A11	150,369,167	136,217,976	141,719,228	125,137,436
Deposits and placements of banks and other financial institutions	A12	22,836,896	28,707,575	24,016,211	28,037,862
Obligations on securities sold under repurchase agreements		15,753,853	12,276,138	13,581,708	11,217,285
Bills and acceptances payable		1,545,410	4,818,215	1,520,361	5,168,544
Other liabilities	A13	4,948,735	3,865,111	3,989,112	3,563,137
Recourse obligation on loans sold to Cagamas		3,284,115	3,727,458	3,284,115	3,727,458
Provision for taxation and zakat		898,089	1,074,402	940,129	1,034,310
Deferred tax liabilities		39,625	26,582	-	-
Subordinated obligations	A12	3,841,210	3,896,880	3,841,210	3,896,880
Life, general takaful and family takaful fund liabilities		863,563	684,536	-	-
Life, general takaful and family takaful policy holders' funds		12,353,776	11,436,152	-	-
TOTAL LIABILITIES		216,734,439	206,731,025	192,892,074	181,782,912

(These condensed financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2006 and the accompanying explanatory notes attached to the interim financial statements)

MALAYAN BANKING BERHAD

(3813-K)

(Incorporated in Malaysia)

**CONDENSED FINANCIAL STATEMENTS
UNAUDITED BALANCE SHEETS AS AT 31 DECEMBER 2006**

		GROUP		BANK	
		31 December 2006	30 June 2006	31 December 2006	30 June 2006
Note		RM'000	RM'000	RM'000	RM'000
SHAREHOLDERS' EQUITY					
Share capital		3,843,447	3,796,947	3,843,447	3,796,947
Reserves		14,070,147	12,968,879	12,468,074	11,477,147
		17,913,594	16,765,826	16,311,521	15,274,094
Minority Interest		761,529	708,475	-	-
Total equity		18,675,123	17,474,301	16,311,521	15,274,094
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		235,409,562	224,205,326	209,203,595	197,057,006
COMMITMENTS AND CONTINGENCIES	A23	140,797,484	130,383,443	137,981,988	128,296,116
<u>CAPITAL ADEQUACY</u>					
A25					
Based on credit and market risks:					
<u>Without deducting dividend payable *</u>					
Core capital ratio		9.36%	9.91%	10.06%	9.61%
Risk-weighted capital ratio		13.30%	13.88%	13.10%	12.54%
<u>After deducting dividend payable</u>					
Core capital ratio:		8.66%	9.31%	9.30%	8.96%
Risk-weighted capital ratio:		12.61%	13.28%	12.34%	11.89%
Net assets per share attributable to equity holders of the parent		RM4.66	RM4.42	RM4.24	RM4.02

* In arriving at the capital base used in the ratio calculations of the Group and the Bank, the dividends proposed or declared but remain unpaid at the balance sheet date were not deducted.

(These condensed financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2006 and the accompanying explanatory notes attached to the interim financial statements)

MALAYAN BANKING BERHAD
(3813-K)
(Incorporated in Malaysia)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SECOND FINANCIAL QUARTER ENDED 31 DECEMBER 2006

<===== Non Distributable =====>

GROUP

	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Capital Reserve RM'000	Unrealised Holding Fluctuation Reserve (Deficit) RM'000	Exchange Reserve RM'000	Other Reserves RM'000	Distributable Retained Profits RM'000	Total RM'000	Minority Interest RM'000	Total Equity RM'000
At 1 July 2006											
As previously stated	3,796,947	2,137,807	3,973,917	15,250	(27,479)	58,136	-	6,811,248	16,765,826	708,475	17,474,301
Prior year adjustments	-	-	-	-	-	-	3,038	(3,038)	-	-	-
- Effects of adopting FRS 2											
At 1 July 2006 (restated)	3,796,947	2,137,807	3,973,917	15,250	(27,479)	58,136	3,038	6,808,210	16,765,826	708,475	17,474,301
Currency translation differences	-	-	(462)	-	-	(92,055)	-	-	(92,517)	-	(92,517)
Net increase in fair value of securities	-	-	-	-	343,342	-	-	-	343,342	-	343,342
Net gain not recognised in the income st	-	-	(462)	-	343,342	(92,055)	-	-	250,825	-	250,825
Net profit for the period	-	-	-	-	-	-	-	1,365,088	1,365,088	53,463	1,418,551
Share-based payment under ESOS	-	-	-	-	-	-	54,428	-	54,428	-	54,428
Transfer to statutory reserve	-	-	(69,947)	-	-	-	-	69,947	-	-	-
Issue of ordinary shares pursuant to ESC	46,500	395,590	-	-	-	-	-	-	442,090	-	442,090
Dividends paid	-	-	-	-	-	-	-	(964,663)	(964,663)	(409)	(965,072)
At 31 December 2006	3,843,447	2,533,397	3,903,508	15,250	315,863	(33,919)	57,466	7,278,582	17,913,594	761,529	18,675,123
At 1 July 2005											
As previously stated	3,721,053	1,501,117	3,965,468	15,250	-	49,238	-	7,149,183	16,401,309	452,444	16,853,753
Transitional adjustments	-	-	-	-	347,170	-	-	(143,148)	204,022	-	204,022
As restated	3,721,053	1,501,117	3,965,468	15,250	347,170	49,238	-	7,006,035	16,605,331	452,444	17,057,779
Currency translation differences	-	-	-	-	-	61,031	-	-	61,031	-	61,031
Net decrease in fair value of securities	-	-	-	-	(95,791)	-	-	-	(95,791)	-	(95,791)
Net accretion from increased interest in subsidiaries	-	-	5,815	-	-	-	-	-	5,815	-	5,815
Net loss not recognised in the income st	-	-	5,815	-	(95,791)	61,031	-	-	(28,945)	-	(28,945)
Net profit for the period	-	-	-	-	-	-	-	-	-	-	-
Transfer to statutory reserve	-	-	2,681	-	-	-	-	-	-	-	-
Issue of ordinary shares pursuant to ESC	60,237	503,331	-	-	-	-	-	-	563,568	-	563,568
At 31 December 2005	3,781,290	2,004,448	3,973,964	15,250	251,379	110,269	-	7,006,035	17,139,954	452,444	17,592,399

(These condensed financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2006 and the accompanying explanatory notes attached to the interim financial statements)

MALAYAN BANKING BERHAD
(3813-K)
(Incorporated in Malaysia)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SECOND FINANCIAL QUARTER ENDED 31 DECEMBER 2006

<===== Non Distributable =====>

	Share Capital RM'000	Share Premium RM'000	Statutory Reserve RM'000	Capital Reserve RM'000	Unrealised Holding Reserve/(Deficit) RM'000	Exchange Fluctuation Reserve RM'000	Other Reserves RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
BANK									
At 1 July 2006									
As previously stated	3,796,947	2,137,807	3,871,493	-	(21,206)	112,690	-	5,376,363	15,274,094
Prior year adjustments	-	-	-	-	-	-	3,038	(3,038)	-
- Effects of adopting FRS 2	-	-	-	-	-	-	-	-	-
At 1 July 2006 (restated)	3,796,947	2,137,807	3,871,493	-	(21,206)	112,690	3,038	5,373,325	15,274,094
Currency translation differences	-	-	(602)	-	-	(53,725)	-	-	(54,327)
Net increase in fair value of securities	-	-	-	-	249,604	-	-	-	249,604
Net gain/(loss) not recognised in the income statement	-	-	(602)	-	249,604	(53,725)	-	-	195,277
Net profit for the period	-	-	-	-	-	-	-	1,310,295	1,310,295
Share-based payment under ESOS	-	-	-	-	-	-	54,428	-	54,428
Transfer to statutory reserve	-	-	510	-	-	-	-	(510)	-
Issue of ordinary shares pursuant to ESC	46,500	395,590	-	-	-	-	-	-	442,090
Dividends paid	-	-	-	-	-	-	-	(964,663)	(964,663)
At 31 December 2006	3,843,447	2,533,397	3,871,401	-	228,398	58,965	57,466	5,718,447	16,311,521
At 1 July 2005									
As previously stated	3,721,053	1,501,117	3,871,038	-	-	89,419	-	5,996,652	15,179,279
Transitional Adjustments	-	-	-	-	338,219	-	-	(156,760)	181,459
At 1 July 2005 (restated)	3,721,053	1,501,117	3,871,038	-	338,219	89,419	-	5,839,892	15,360,738
Currency translation differences	-	-	(10)	-	-	9,982	-	-	9,972
Net decrease in fair value of securities	-	-	-	-	(122,244)	-	-	-	(122,244)
Net gain not recognised in the income statement	-	-	(10)	-	(122,244)	9,982	-	-	(112,272)
Net profit for the period	-	-	-	-	-	-	-	1,289,824	1,289,824
Issue of ordinary shares pursuant to ESC	60,237	503,331	-	-	-	-	-	-	563,568
Dividends paid	-	-	-	-	-	-	-	(1,622,301)	(1,622,301)
At 31 December 2005	3,781,290	2,004,448	3,871,028	-	215,975	99,401	-	5,507,415	15,479,557

(These condensed financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2006 and the accompanying explanatory notes attached to the interim financial statements)

MALAYAN BANKING BERHAD
(3813-K)
(Incorporated in Malaysia)

CONDENSED FINANCIAL STATEMENTS
UNAUDITED CONDENSED CASH FLOW STATEMENTS
FOR THE SECOND FINANCIAL QUARTER ENDED 31 DECEMBER 2006

	GROUP		BANK	
	31 December 2006 RM'000	31 December 2005 RM'000	31 December 2006 RM'000	31 December 2005 RM'000
Profit before taxation	2,008,984	1,866,484	1,880,737	1,796,217
Adjustments for non-operating and non-cash items	334,455	814,548	219,792	706,172
Operating profit before working capital changes	2,343,439	2,681,032	2,100,529	2,502,389
Changes in working capital:-				
Net changes in operating assets	(16,079,903)	(4,750,173)	(13,052,336)	(3,763,743)
Net changes in operating liabilities	10,756,539	265,919	11,793,646	2,689,465
Tax expense and zakat paid	(585,828)	(213,670)	(529,204)	(349,904)
Net cash generated from operations	(3,565,753)	(2,016,892)	312,635	1,078,207
Net cash (used in)/generated from investing activities	(90,298)	(120,319)	287,806	(631,157)
Net cash (used in)/generated from financing activities	(965,916)	664,674	(965,916)	147,809
	(1,056,214)	544,355	(678,110)	(483,348)
Net change in cash and cash equivalents	(4,621,967)	(1,472,537)	(365,475)	594,859
Cash and cash equivalents at beginning of the period, as restated	32,067,138	22,669,109	27,570,845	18,530,935
Cash and cash equivalents at end of the period	27,445,171	21,196,572	27,205,370	19,125,794
		21,196,572		19,125,794
Cash and cash equivalents at beginning of the period comprise :				
Cash and short term funds as previously reported	32,035,395	22,596,444	27,542,452	18,479,404
Foreign exchange differences on opening balances	31,743	72,665	28,393	51,531
As restated	32,067,138	22,669,109	27,570,845	18,530,935

(These condensed financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2006 and the accompanying explanatory notes attached to the interim financial statements)

Part A: Explanatory Notes Pursuant to Financial Reporting Standard 134 ("FRS 134") and Revised Guidelines on Financial Reporting for Licensed Institutions (BNM/GP8) Issued by Bank Negara Malaysia

A1. Basis of Preparation

The interim financial statements have been prepared under the historical cost convention except for the following assets and liabilities that are stated at fair values: securities held-for-trading and available-for-sale, and derivative financial instruments. The interim financial statements are not audited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and Chapter 9, part K of the Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2006. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 30 June 2006.

The significant accounting policies' adopted are consistent with those of the audited financial statements for the year ended 30 June 2006 except for the adoption of the following new/revised Financial Reporting Standards ("FRS") effective for financial period beginning 1 July 2006:

FRS 2	Share-based Payment
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of FRS 5, 102, 108, 110, 116, 121, 127, 128, 131, 132, 133, 136 and 138 does not have significant financial impact on the Group. The principal effects of the changes in accounting policies resulting from the adoption of the other new/revised FRS's are discussed below.

The allowance for bad and doubtful debts and financing of the Group are computed based on the requirements of BNM/GP3, which is consistent with the adoption made in the previous audited annual financial statements.

(a) FRS 2: Share-based Payments

This FRS requires an entity to recognise share-based payment transactions in its financial statements including transactions with employees or other parties to be settled in cash, other assets or equity instruments of the entity.

The Company operates an equity-settled share-based compensation plan for the employees of the Group, the Maybank Group Employee Share Options Scheme ("ESOS"). Prior to 1 July 2006, no compensation expense was recognised in profit or loss for share options granted. With the adoption of FRS 2, the compensation expense relating to share options is recognised in profit or loss over the vesting periods of the grants with a corresponding increase in equity. The total amount to be recognised as compensation expense is determined by reference to the fair value of the share options at the date of the grant and the number of share options to be vested by the vesting date. The fair value of the share option is computed using a trinomial model.

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A1. Basis of Preparation (contd)

(a) FRS 2: Share-based Payments (contd)

At every balance sheet date, the Group revises its estimates of the number of share options that are expected to vest by the vesting date. Any revision of this estimate is included in profit or loss and a corresponding adjustment to equity over the remaining vesting period.

Under the transitional provisions of FRS 2, this FRS must be applied to share options that were granted after 31 December 2004 and had not yet vested at the effective date of this FRS to the Group i.e. 1 July 2006. The application is retrospective and accordingly, the comparative amounts as at 30 June 2006 are restated and the opening balance of retained earnings as at 1 July 2006 has been adjusted. The financial impact to the Group and the Bank arising from this change in accounting policy is as follows:

Group

**As at
1 July 2006
RM'000**

Decrease in retained earnings	3,038
Increase in equity compensation reserve (included in other reserve)	<u>3,038</u>

	2nd Quarter Ended 31 December 2006 RM'000		Cumulative 6 Months Ended 31 31 December 2006 RM'000	
		31 December 2005 RM'000		December 2005 RM'000
Decrease in profit for the period	<u>53,270</u>	-	<u>54,136</u>	-

Bank

**As at
1 July 2006
RM'000**

Decrease in retained earnings	3,038
Increase in equity compensation reserve (included in other reserve)	<u>3,038</u>

	2nd Quarter Ended 31 December 2006 RM'000		Cumulative 6 Months Ended 31 31 December 2006 RM'000	
		31 December 2005 RM'000		December 2005 RM'000
Decrease in profit for the period	<u>47,099</u>	-	<u>47,676</u>	-

A1. Basis of Preparation (contd)

(b) FRS 101: Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interest, share of net after-tax results of associates and other disclosures. In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure on the face of the statement of changes in equity, total recognised income and expenses for the period, showing separately the amounts attributable to equity holders of the parent and to minority interest.

The current period's presentation of the Group's financial statements is based on the revised requirements of FRS 101, with the comparatives restated to conform with the current period's presentation.

(c) FRS 140: Investment Property

The adoption of this new FRS has resulted in a change in the classification of land and buildings owned by the life insurance business. Previously, in line with FRS 203 Life Insurance Business (formerly known as MASB Standard 18), land and buildings owned by the life insurance business are classified as investment properties, notwithstanding that they are substantially occupied for use by, or in the operations of the Group.

With the adoption of FRS 140 and the consequent change to FRS 203, owner-occupied property cannot be classified as investment property. Accordingly, land and buildings previously classified as investment properties have been reclassified as and accounted for as property, plant and equipment. This change in classification does not have significant financial impact to the Group.

A2. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited annual financial statements for the financial year ended 30 June 2006 was not qualified.

A3. Seasonal or Cyclical Factors

The operations of the Group and the Bank were not materially affected by any seasonal or cyclical factors in the 2nd quarter ended 31 December 2006.

A4. Unusual Items Due to Their Nature, Size or Incidence

During the quarter ended 31 December 2006, there were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group and the Bank, other than the following:

- i) The inclusion of the assets and liabilities of Kewangan Bersatu Berhad ("KBB"), which was acquired on 30 September 2006. The acquisition of KBB resulted in an excess of the Group's interest in the net fair value of KBB's identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, of RM36.5 million. In accordance with FRS 3, this excess was recognised immediately in the income statement.
- ii) The granting of 42.2 million options to employees under the Maybank Group Employee Share Option Scheme ("ESOS"), that necessitate an additional charge of RM53.3 million and RM47.1 million to the income statement the Group and the Bank respectively, as ESOS compensation cost on the total options that have vested and become exercisable as of 31 December 2006.

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A5. Changes in Estimates

There were no material changes in estimates during the quarter ended 31 December 2006.

A6. Changes in Debt and Equity Securities

Save as disclosed below, there were no issuances, cancellations, share buy-backs, resale of shares bought back and repayment of debt and equity securities by the Bank.

The issued and paid-up share capital of the Bank was increased from RM3,796,947,321 as at 30 June 2006 to RM3,843,447,121 as at 31 December 2006, from the issuance of 46,499,800 new ordinary shares of RM1.00 each to eligible persons who have exercised their options under the Maybank Group Employee Share Option Scheme (ESOS) at the following option prices:

<u>Number of shares issued:</u>	<u>Option price per share</u>
29,283,700	RM 9.23
3,866,800	RM 9.87
8,862,600	RM 9.92
4,486,700	RM10.19

A7. Dividends Paid

A final dividend of 35.0 sen per share less 28% income tax for the financial year ended 30 June 2006, amounting to RM964,662,910 was paid on 14 November 2006.

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A8 (i) Securities Held-for-trading

	Group		Bank	
	31 December	30 June	31 December	30 June
	2006	2006	2006	2006
	RM'000	RM'000	RM'000	RM'000
At Fair Value				
Money Market Instruments:-				
Malaysian Government Treasury Bills	73,512	21,800	73,512	21,800
Malaysian Government Securities	221,328	-	196,318	-
Malaysian Government Investment Issues	177,065	-	117,007	-
Bank Negara Malaysia Bills and Notes	320,478	225,343	320,478	225,343
Bankers' Acceptances and Islamic Accepted Bills	-	722	-	-
Cagamas Bonds	-	-	-	-
Foreign Government Securities	-	-	-	-
Total Money Market Instruments	792,383	247,865	707,315	247,143
Unquoted securities:				
Private and Islamic Debt Securities in Malaysia	489,538	-	-	-
Foreign Private Debt Securities	503,020	229,833	503,020	229,833
	992,558	229,833	503,020	229,833
Total securities held-for-trading	1,784,941	477,698	1,210,335	476,976

A8 (ii) Securities Available-for-sale

	Group		Bank	
	31 December	30 June	31 December	30 June
	2006	2006	2006	2006
	RM'000	RM'000	RM'000	RM'000
At Fair Value, or amortised cost less impairment losses for certain unquoted equity instruments				
Money market instruments:-				
Malaysian Government Securities	3,679,686	3,264,639	2,940,922	2,452,659
Cagamas Bonds	1,243,340	2,012,688	897,464	1,600,531
Foreign Government Securities	2,232,161	2,257,642	2,194,462	2,208,481
Malaysian Government Treasury Bills	59,517	127,500	59,517	127,500
Malaysian Government Investment Issues	2,461,074	1,822,126	2,414,329	1,695,199
Foreign Government Treasury Bills	1,109,921	759,497	1,020,035	667,404
Negotiable Instruments of Deposits	4,638,549	1,005,152	3,797,282	1,495,850
Bankers' Acceptances and Islamic Accepted Bills	3,059,848	4,106,895	2,931,047	4,106,895
Khazanah Bonds	959,699	733,163	767,979	555,579
Bank Negara Malaysia Sukuk Ijarah Bonds	199,923	199,403	199,923	199,403
Foreign Certificates of Deposits	70,810	77,572	-	-
Total Money Market Instruments	19,714,528	16,366,277	17,222,960	15,109,501
Quoted Securities: -				
In Malaysia:				
Shares, Warrants, Trust Units and Loan Stocks	548,943	553,152	219,313	162,952
Outside Malaysia:				
Shares, Warrants, Trust Units and Loan Stocks	106,657	56,744	65,149	25,580
	655,600	609,896	284,462	188,532

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A8. Securities Portfolio (contd)

A8 (ii) Securities Available-for-sale (contd)

	Group		Bank	
	31 December 2006 RM'000	30 June 2006 RM'000	31 December 2006 RM'000	30 June 2006 RM'000
Unquoted Securities:-				
Shares, trust units and loan stocks in Malaysia	826,750	808,353	534,575	509,549
Shares, trust units and loan stocks outside Malaysia	13,555	10,084	7,553	6,219
Private and Islamic Debt Securities in Malaysia	4,253,725	4,557,044	2,785,404	2,576,144
Malaysian Government Bonds	309,812	317,446	309,812	317,446
Foreign Islamic and Private Debt Securities	3,895,819	4,254,122	3,698,791	3,982,741
Credit Link Notes	435,980	453,772	435,980	453,772
Malaysia Global Sukuk	88,617	92,137	-	-
Others	-	10	-	-
	<u>9,824,258</u>	<u>10,492,968</u>	<u>7,772,115</u>	<u>7,845,871</u>
Accumulated impairment losses	(23,276)	(23,276)	-	-
Total securities available-for-sale	<u>30,171,110</u>	<u>27,445,865</u>	<u>25,279,537</u>	<u>23,143,904</u>

A8 (iii) Securities Held-To-Maturity

At Amortised Cost

Money market instruments:-

Malaysian Government Securities	1,197,413	2,201,298	1,196,854	2,088,881
Cagamas Bonds	224,071	504,342	212,310	222,347
Foreign Government Securities	273,371	273,674	-	1,286
Malaysian Government Investment Issues	187,149	183,904	187,069	183,904
Khazanah Bonds	-	4,925	-	2,496
Bankers' acceptances and Islamic accepted bills	-	920,427	-	-
Negotiable Instruments of Deposits	-	70,000	-	-
Total Money Market Instruments	<u>1,882,004</u>	<u>4,158,570</u>	<u>1,596,233</u>	<u>2,498,914</u>

Unquoted Securities:-

Private and Islamic Debt Securities in Malaysia	602,632	1,067,618	179,869	197,900
Malaysian Government Bonds	46,425	48,150	46,425	48,150
Foreign Government Bonds	9	18	-	-
Foreign Islamic and Private Debt Securities	345,662	359,994	345,662	359,994
Credit Linked Note	176,475	183,800	176,475	183,800
Others	2,044	2,044	2,044	2,044
	<u>1,173,247</u>	<u>1,661,624</u>	<u>750,475</u>	<u>791,888</u>
Accumulated impairment losses	(19,166)	(21,935)	(19,166)	(21,935)
Total securities held-to-maturity	<u>3,036,085</u>	<u>5,798,259</u>	<u>2,327,542</u>	<u>3,268,867</u>

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A9. Loans, Advances and Financing

	Group		Bank	
	31 December 2006 RM'000	30 June 2006 RM'000	31 December 2006 RM'000	30 June 2006 RM'000
Overdrafts	13,779,879	13,566,214	13,749,354	13,533,809
Term loans				
- Housing loans/financing	25,474,512	25,906,418	25,362,928	25,556,944
- Syndicated term loan/financing	8,095,277	6,497,354	5,601,382	5,058,608
- Hire purchase receivables	24,230,271	22,926,152	24,049,788	22,924,768
- Lease receivables	10,591	22,697	10,591	14,477
- Other term loans/financing	41,403,575	39,380,762	39,979,985	37,900,942
Credit card receivables	2,720,562	2,300,567	2,720,562	2,300,567
Bills receivables	1,173,614	1,174,201	1,156,677	1,159,709
Trust receipts	2,766,140	2,704,954	2,747,546	2,703,879
Claims on customers under acceptance credits	7,738,062	7,846,537	7,710,545	7,815,683
Loans/financing to banks and other financial institutions	9,270,144	11,410,876	9,269,942	11,409,931
Revolving credits	11,634,625	14,811,275	11,396,118	14,456,194
Staff loans	982,076	954,673	926,825	899,137
Housing loans to				
- Executive directors of the Bank	142	374	142	374
- Executive directors of subsidiaries	1,212	960	1,212	960
Others	211,774	236,154	-	-
	<u>149,492,456</u>	<u>149,740,168</u>	<u>144,683,597</u>	<u>145,735,982</u>
Unearned interest and income	(11,548,538)	(11,861,142)	(11,517,081)	(11,823,254)
Gross loans, advances and financing	<u>137,943,918</u>	<u>137,879,026</u>	<u>133,166,516</u>	<u>133,912,728</u>
Allowances for bad and doubtful debts and financing:				
- specific	(4,293,871)	(4,010,299)	(4,092,466)	(3,805,936)
- general	(2,552,285)	(2,415,073)	(2,400,386)	(2,258,397)
Net loans, advances and financing	<u>131,097,762</u>	<u>131,453,654</u>	<u>126,673,664</u>	<u>127,848,395</u>

(i) By type of customer

	Group		Bank	
	31 December 2006 RM'000	30 June 2006 RM'000	31 December 2006 RM'000	30 June 2006 RM'000
Domestic operations:				
Domestic banking institutions	-	-	-	-
Domestic non-bank financial institutions				
- Stockbroking companies	131,716	131,896	131,716	131,896
- Others	8,837,189	10,820,402	8,823,853	10,823,065
Domestic business enterprise				
- Small and medium enterprise	22,977,950	23,321,481	22,977,771	23,292,469
- Others	19,814,050	19,733,316	19,627,750	19,563,712
Government and statutory bodies	1,189,701	1,050,597	1,187,036	1,047,931
Individuals	51,072,604	50,252,687	51,013,434	50,048,025
Other domestic entities	225,190	215,094	58,456	212,128
Foreign entities	351,310	314,546	300,769	261,178
Total domestic operations	<u>104,599,710</u>	<u>105,840,019</u>	<u>104,120,785</u>	<u>105,380,404</u>

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A9. Loans, Advances and Financing (contd)

(i) By type of customer (contd)

	Group		Bank	
	31 December	30 June	31 December	30 June
	2006	2006	2006	2006
	RM'000	RM'000	RM'000	RM'000
Overseas operations:				
Singapore	24,526,846	24,283,980	24,526,845	24,283,980
Hong Kong SAR	1,797,121	1,528,711	1,797,120	1,528,711
United States of America	786,454	874,081	786,454	874,081
People's Republic of China	413,151	518,916	413,151	518,916
Vietnam	358,001	338,886	358,001	338,886
United Kingdom	663,216	566,768	663,216	566,768
Brunei	175,212	197,275	175,212	197,275
Cambodia	75,206	51,236	75,206	51,236
Bahrain	250,526	172,471	250,526	172,471
Labuan offshore	3,689,941	2,932,332	-	-
Philippines	532,028	506,555	-	-
Indonesia	52,096	40,204	-	-
Papua New Guinea	24,410	27,592	-	-
	33,344,208	32,039,007	29,045,731	28,532,324
Gross loans, advances and financing	137,943,918	137,879,026	133,166,516	133,912,728

(ii) By interest/profit rate sensitivity

Fixed rate				
- Housing loans/financing	11,841,444	12,991,134	11,684,581	12,847,935
- Hire purchase receivables	20,195,063	19,992,510	20,036,879	19,980,718
- Other fixed rate loans/financing	15,520,476	16,510,789	15,447,202	16,267,590
Variable rate				
- Base lending rate plus	52,892,427	46,576,057	52,738,925	46,302,114
- Cost plus	12,591,195	12,216,671	12,360,620	12,152,482
- Other variable rates	24,903,313	29,591,865	20,898,309	26,361,889
Gross loans, advances and financing	137,943,918	137,879,026	133,166,516	133,912,728

(ii) Total loans by economic purpose

	Group		Bank	
	31 December	30 June	31 December	30 June
	RM'000	RM'000	RM'000	RM'000
Domestic operations:				
Purchase of securities	8,846,690	8,605,303	8,831,383	8,444,064
Purchase of transport vehicles	12,947,019	12,549,834	12,940,699	12,545,752
- Less Islamic loans sold to Cagamas	(1,001,600)	(1,127,571)	(1,001,600)	(1,127,571)
Purchase of landed properties				
- residential	24,440,539	24,462,017	24,395,456	24,429,998
- non-residential	6,451,187	6,774,708	6,450,448	6,773,961
- Less Islamic housing loans sold to Cagamas	(428,857)	(448,185)	(428,857)	(448,185)
Purchase of fixed assets (exclude landed properties)	205,746	176,229	205,746	174,356
Personal use	3,040,479	3,030,492	3,040,164	3,030,331
Credit card	2,183,599	1,774,126	2,183,599	1,774,126
Purchase of consumer durables	20,929	22,008	20,907	21,979
Construction	5,808,610	5,885,779	5,780,558	5,788,199
Working capital	40,569,908	43,307,742	40,569,908	43,305,810
Others	1,515,461	827,537	1,132,374	667,584
Total domestic operations	104,599,710	105,840,019	104,120,785	105,380,404

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A9. Loans, Advances and Financing (contd)

(ii) Total loans by economic purpose (contd)

	Group		Bank	
	31 December	30 June	31 December	30 June
	2006	2006	2006	2006
	RM'000	RM'000	RM'000	RM'000
Overseas operations:				
Singapore	24,526,846	24,283,980	24,526,845	24,283,980
Hong Kong SAR	1,797,121	1,528,711	1,797,120	1,528,711
United States of America	786,454	874,081	786,454	874,081
People's Republic of China	413,151	518,916	413,151	518,916
Vietnam	358,001	338,886	358,001	338,886
United Kingdom	663,216	566,768	663,216	566,768
Brunei	175,212	197,275	175,212	197,275
Cambodia	75,206	51,236	75,206	51,236
Bahrain	250,526	172,471	250,526	172,471
Labuan Offshore	3,689,941	2,932,332	-	-
Philippines	532,028	506,555	-	-
Indonesia	52,096	40,204	-	-
Papua New Guinea	24,410	27,592	-	-
	33,344,208	32,039,007	29,045,731	28,532,324
Gross loans, advances and financing	137,943,918	137,879,026	133,166,516	133,912,728

(iii) Non-performing loans by economic purpose

Domestic operations:				
Purchase of securities	360,866	366,021	304,365	308,215
Purchase of transport vehicles	226,640	182,675	226,264	182,498
Purchase of landed properties				
- residential	2,868,817	2,768,097	2,867,904	2,766,863
- non-residential	579,068	588,347	579,068	588,347
Purchase of fixed assets (excluding landed properties)	14,540	12,855	14,540	12,855
Personal use	275,958	276,576	275,958	276,576
Credit card	47,643	33,937	47,643	33,937
Purchase of consumer durables	1,619	1,275	1,619	1,275
Construction	775,814	907,956	770,814	890,152
Working capital	2,955,298	2,715,483	2,940,120	2,697,411
Others	409,392	341,802	367,972	323,182
Total domestic operations	8,515,655	8,195,024	8,396,267	8,081,311
Overseas operations:				
Singapore	495,956	574,548	495,956	574,548
Hong Kong SAR	31,092	31,341	31,092	31,341
Brunei	41,487	36,644	41,487	36,644
Vietnam	17,096	17,806	17,096	17,806
People's Republic of China	10,894	12,133	10,894	12,133
Cambodia	3,662	3,814	3,662	3,814
Labuan Offshore	68,260	274,683	-	-
Papua New Guinea	6,010	5,006	-	-
Philippines	56,757	58,566	-	-
Indonesia	2,711	2,373	-	-
	733,925	1,016,914	600,187	676,286
	9,249,580	9,211,938	8,996,454	8,757,597

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A9. Loans, Advances and Financing (contd)

(iv) Movement in non-performing loans, advances and financing ("NPL") are as follows

	Group		Bank	
	31 December 2006 RM'000	30 June 2006 RM'000	31 December 2006 RM'000	30 June 2006 RM'000
At beginning of the period	9,211,938	9,609,580	8,757,597	8,991,886
Non-performing during the period	2,466,457	5,495,459	2,443,972	5,452,229
Reclassified as performing	(1,400,219)	(2,850,207)	(1,400,370)	(2,808,657)
Acquired upon business acquisition	77,008	1,051	77,008	-
Transfer from a subsidiary	-	-	-	1,119
Recovered	(784,043)	(2,010,281)	(585,729)	(1,945,499)
Amount written off	(310,631)	(1,069,806)	(293,576)	(980,528)
Converted to securities	(20,317)	(18,824)	(20,317)	(17,827)
Exchange differences and expenses debited	9,387	54,966	17,869	64,874
At end of the period	9,249,580	9,211,938	8,996,454	8,757,597
Specific allowance	(4,293,871)	(4,010,299)	(4,092,466)	(3,805,936)
Net non-performing loans, advances and financing	4,955,709	5,201,639	4,903,988	4,951,661
Net NPL as a% of gross loans, advances and financing (including Islamic loans sold to Cagamas) less specific allowance	3.67%	3.84%	3.76%	3.76%

(v) Movement in specific allowance for bad and doubtful debts (and financing) accounts are as follows

	Group		Bank	
	31 December 2006 RM'000	30 June 2006 RM'000	31 December 2006 RM'000	30 June 2006 RM'000
<u>Specific Allowance</u>				
At beginning of the period	4,010,299	3,541,718	3,805,936	3,249,740
Allowance made during the period	933,987	2,203,167	904,313	2,121,737
Amount written back in respect of recoveries	(360,387)	(640,065)	(359,293)	(557,170)
Acquired upon business acquisition	50,709	548	50,709	-
Transfer from a subsidiary	-	-	-	1,119
Amount written off	(310,631)	(1,054,184)	(293,576)	(979,826)
Transfer to general allowance	(8,748)	(12,683)	-	(5,114)
Transferred to impairment losses in value of securities	(2,742)	(12,769)	(2,742)	(12,536)
Transfer to restructured/rescheduled loans	(8,424)	(21,390)	(8,424)	(21,390)
Exchange differences	(10,192)	5,957	(4,457)	9,376
At end of the period	4,293,871	4,010,299	4,092,466	3,805,936

(vi) Movement in general allowance for bad and doubtful debts (and financing) accounts are as follows

	Group		Bank	
	31 December 2006 RM'000	30 June 2006 RM'000	31 December 2006 RM'000	30 June 2006 RM'000
<u>General Allowance</u>				
At beginning of the period	2,415,073	2,810,356	2,258,397	2,596,076
Allowance made during the period	157,928	18,015	141,585	-
Amount written back	(25,112)	(425,182)	-	(345,278)
Acquired upon business acquisition	3,419	-	3,419	-
Transfer from specific allowance	8,748	12,683	-	5,114
Exchange differences	(7,771)	(799)	(3,015)	2,485
At end of the period	2,552,285	2,415,073	2,400,386	2,258,397
As % of gross loans, advances and financing (including Islamic loans sold to Cagamas) less specific allowance	1.89%	1.78%	1.84%	1.72%

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A10. Other Assets

	Group		Bank	
	31 December 2006 RM'000	30 June 2006 RM'000	31 December 2006 RM'000	30 June 2006 RM'000
Interest/Income receivable	817,376	731,940	678,825	614,254
Prepayments and deposits	259,064	185,997	248,090	182,604
Other debtors	969,852	1,644,187	850,431	544,177
Foreclosed properties	102,919	98,302	39,498	39,502
Investment properties	-	21,788	-	-
Derivative assets	382,128	343,367	381,861	343,367
	<u>2,531,339</u>	<u>3,025,581</u>	<u>2,198,705</u>	<u>1,723,904</u>

A11. Deposits from Customers

Fixed deposits and negotiable instruments
of deposits

- One year or less	92,934,758	86,141,042	83,689,458	73,210,413
- More than one year	3,127,995	1,727,567	2,822,825	1,652,856
Savings deposits	25,602,229	24,021,246	25,344,909	23,746,361
Demand deposits	28,702,385	24,310,544	29,860,236	26,510,229
Structured deposits*	1,800	17,577	1,800	17,577
	<u>150,369,167</u>	<u>136,217,976</u>	<u>141,719,228</u>	<u>125,137,436</u>

* Structured deposits represent foreign currency time deposits with embedded foreign exchange option.

	Group		Bank	
	31 December 2006 RM'000	30 June 2006 RM'000	31 December 2006 RM'000	30 June 2006 RM'000
Business enterprise	58,005,186	52,621,269	51,338,694	43,459,322
Individuals	74,026,141	69,438,413	73,428,118	68,952,814
Government and statutory bodies	9,033,158	7,050,900	8,637,233	6,774,985
Others	9,304,682	7,107,394	8,315,183	5,950,315
	<u>150,369,167</u>	<u>136,217,976</u>	<u>141,719,228</u>	<u>125,137,436</u>

**A12. Deposits and Placement of Banks and Other
Financial Institutions and Debt Securities**

Licensed banks	16,314,971	21,382,459	17,614,186	21,186,629
Licensed finance companies	960,738	544,973	960,738	544,973
Licensed merchant banks	927,033	606,775	807,133	606,775
Other financial institutions	4,634,154	6,173,368	4,634,154	5,699,485
	<u>22,836,896</u>	<u>28,707,575</u>	<u>24,016,211</u>	<u>28,037,862</u>

Maturity structure of deposits and placements
of banks and other financial institutions

- One year or less	18,310,294	26,193,939	19,490,988	25,530,042
- More than one year	4,526,602	2,513,636	4,525,223	2,507,820
	<u>22,836,896</u>	<u>28,707,575</u>	<u>24,016,211</u>	<u>28,037,862</u>

Subordinated obligations

Unsecured

- less than one year	-	-	-	-
- more than one year	¹ 3,841,210	¹ 3,896,880	¹ 3,841,210	¹ 3,896,880

¹ Includes Subordinated Notes of USD380 million.

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A13. Other Liabilities

	Group		Bank	
	31 December	30 June	31 December	30 June
	2006	2006	2006	2006
	RM'000	RM'000	RM'000	RM'000
Interest/Profit payable	998,322	845,150	970,570	823,098
Provision for outstanding claims	421,822	412,667	-	-
Unearned premium reserves	272,153	284,766	-	-
Profit Equalisation Reserves	52,860	144,111	50,538	141,828
Provisions and accruals	822,856	730,316	666,981	664,800
Due to brokers and clients	260,852	156,236	-	-
Deposits and other creditors	1,670,097	1,058,457	1,852,239	1,698,851
Derivative liabilities	449,773	233,408	448,784	234,560
	4,948,735	3,865,111	3,989,112	3,563,137

A14. Interest Income

	2nd Quarter Ended		Cumulative 6 Months Ended	
	31 December	31 December	31 December	31 December
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Group				
Loans, advances and financing				
- Interest income other than recoveries from NPL	1,687,442	1,440,672	3,402,894	2,843,484
- Recoveries from NPLs	97,729	91,254	193,632	175,670
Money at call and deposit placements with financial institutions	481,651	258,870	871,414	551,872
Securities purchased under resale agreements	4,063	7,608	12,508	13,116
Securities held-for-trading	58,396	34,930	153,314	76,752
Securities available-for-sale	293,980	274,138	577,515	522,073
Securities held-to-maturity	48,581	6,894	125,713	16,009
	2,671,842	2,114,366	5,336,990	4,198,976
Amortisation of premium less accretion of discount	(17,305)	(14,363)	(36,208)	(20,710)
Interest income suspended	(18,023)	(14,754)	(35,988)	(33,105)
	2,636,514	2,085,249	5,264,794	4,145,161

Bank

Loans, advances and financing				
- Interest income other than recoveries from NPL	1,614,591	1,381,553	3,255,428	2,718,761
- Recoveries from NPLs	96,660	89,753	191,578	172,812
Money at call and deposit placements with financial institutions	413,402	258,393	757,283	517,363
Securities purchased under resale agreements	3,718	7,381	11,815	12,593
Securities held-for-trading	54,430	32,846	146,630	67,437
Securities available-for-sale	223,578	222,162	454,754	414,413
Securities held-to-maturity	40,675	1,820	88,038	6,136
	2,447,054	1,993,908	4,905,526	3,909,515
Amortisation of premium less accretion of discount	(17,059)	(14,132)	(34,310)	(24,402)
Interest income suspended	(14,757)	(15,617)	(32,722)	(32,415)
	2,415,238	1,964,159	4,838,494	3,852,698

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A15. Interest Expense

<u>Group</u>	2nd Quarter Ended		Cumulative 6 Months Ended	
	31 December 2006 RM'000	31 December 2005 RM'000	31 December 2006 RM'000	31 December 2005 RM'000
Deposits and placements of banks and other financial institutions	321,430	227,772	667,339	444,492
Deposits from customers	1,003,970	682,274	1,923,050	1,329,694
Loans sold to Cagamas	34,575	46,519	71,275	94,856
Floating rate certificates of deposits	6,266	1,879	13,015	3,352
Subordinated notes	21,165	22,176	42,761	58,267
Subordinated bonds	-	8,687	-	17,374
Others	423	31	743	79
	<u>1,387,829</u>	<u>989,338</u>	<u>2,718,183</u>	<u>1,948,114</u>

Bank

Deposits and placements of banks and other financial institutions	285,044	198,063	585,241	375,455
Deposits from customers	910,329	638,797	1,750,237	1,229,745
Loans sold to Cagamas	34,575	46,519	71,275	94,856
Floating rate certificates of deposits	6,266	1,879	13,015	3,352
Subordinated notes	21,165	22,176	42,761	58,267
Subordinated bonds	-	8,687	-	17,374
Others	423	31	743	79
	<u>1,257,802</u>	<u>916,152</u>	<u>2,463,272</u>	<u>1,779,128</u>

A16. Non-interest Income

Group

(a) Fee income:

Commissions	168,411	109,852	318,257	231,412
Service charges and fees	143,224	125,736	286,886	260,227
Guarantee fees	23,400	19,848	44,469	42,409
Underwriting fees	465	-	1,436	-
Brokerage income	16,353	9,607	26,429	21,157
Other fee income	10,748	17,385	19,000	32,309
	<u>362,601</u>	<u>282,428</u>	<u>696,477</u>	<u>587,514</u>

(b) Gain/loss arising from sale of securities:

Net gain from sale of securities held-for-trading	7,322	(29,671)	14,667	9,908
Net gain from sale of securities available-for-sale	89,267	76,851	129,816	179,866
Net loss from redemption of securities held-to-maturity	4	-	(176)	-
Net gain from sale of subsidiary company	456	-	456	-
	<u>96,593</u>	<u>47,180</u>	<u>144,763</u>	<u>189,774</u>

(c) Gross dividend from:

Securities portfolio	5,935	6,570	12,502	6,570
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(d) Unrealised losses on revaluation of securities held-for-trading and derivatives

Write back of impairment losses on securities	24,833	163,575	(97,975)	148,920
	<u>9,832</u>	<u>(14,952)</u>	<u>16,660</u>	<u>22,238</u>
	<u>34,665</u>	<u>148,623</u>	<u>(81,315)</u>	<u>171,158</u>

(e) Other income:

Foreign exchange profit	71,987	91,117	166,945	196,876
Net premiums written	129,518	68,153	247,168	132,665
Rental Income	3,751	5,320	8,931	9,825
Gains on disposal of property, plant and equipment	(377)	100	514	100
Gain on disposal of foreclosed properties	92	15,000	403	15,347
Others	87,367	10,112	145,814	28,769
	<u>292,338</u>	<u>189,802</u>	<u>569,775</u>	<u>383,582</u>

Total non-interest income

	<u>792,132</u>	<u>674,603</u>	<u>1,342,202</u>	<u>1,338,598</u>
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A16. Non-interest Income (contd)

Bank	2nd Quarter Ended		Cumulative 6 Months Ended	
	31 December 2006	31 December 2005	31 December 2006	31 December 2005
	RM'000	RM'000	RM'000	RM'000
(a) Fee income:				
Commissions	165,411	130,285	313,386	258,884
Service charges and fees	134,255	110,359	261,934	227,923
Guarantee fees	23,185	19,610	44,170	42,088
Underwriting fees	162	-	351	-
Other fee income	6,802	7,288	11,167	13,146
	329,815	267,542	631,008	542,041
(b) Gain/(loss) arising from sale of securities:				
Net gain/(loss) from sale of securities held-for-trading	1,231	(32,453)	3,502	(9,547)
Net gain from sale of securities available-for-sale	62,778	40,474	95,513	136,670
Net loss from redemption of securities held-to-maturity	-	-	(157)	-
Net gain from sale of subsidiary company	58,359	-	58,359	-
Net gain from sale of associated company	-	-	-	4,320
	122,368	8,021	157,217	131,443
(c) Gross dividend income from:				
Securities portfolio	1,733	1,402	2,861	3,084
Subsidiary companies	147,799	74,763	147,799	74,763
	149,532	76,165	150,660	77,847
(d) Unrealised losses on revaluation of securities held-for-trading and derivatives	25,894	164,015	(98,148)	163,922
Write back of impairment losses on securities	11,994	639	14,577	32,664
	37,888	164,654	(83,571)	196,586
(e) Other income:				
Foreign exchange profit	62,639	89,539	156,930	191,641
Rental income	3,453	3,838	8,397	8,459
Loss on disposal of property and equipment (net)	(684)	(507)	(71)	(507)
Gain on disposal of foreclosed properties	-	14,905	-	14,905
Others	25,209	17,493	84,638	33,709
	90,617	125,268	249,894	248,207
Total non-interest income	730,220	641,650	1,105,208	1,196,124

A17. Overhead Expenses

Group

Personnel costs	474,504	369,628	887,967	724,570
- Salaries, allowances and bonuses	330,065	284,853	648,574	558,503
- Pension costs	49,711	42,336	95,858	81,925
- Others	94,728	42,439	143,535	84,142
Establishment costs	156,596	147,512	310,799	279,043
- Depreciation	42,107	43,590	85,484	87,688
- Rental of leasehold land and premises	16,431	14,287	32,989	28,616
- Repairs and maintenance of property, plant and equipment	16,012	30,792	33,849	59,145
- Information technology expenses	77,221	57,280	149,420	95,502
- Others	4,825	1,563	9,057	8,092
Marketing expenses	80,301	71,396	159,424	138,663
- Advertisement and publicity	64,578	62,958	126,812	122,091
- Others	15,723	8,438	32,612	16,572
Administration and general expenses	269,850	175,776	515,887	365,208
- Fees and brokerage	81,934	63,259	159,330	131,978
- Administrative expenses	59,616	50,596	111,590	98,291
- General expenses	48,472	29,008	95,739	65,384
- Claims incurred	67,266	21,134	130,887	49,700
- Others	12,562	11,779	18,341	19,855
	981,251	764,312	1,874,077	1,507,484

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A17. Overhead Expenses (contd)

	2nd Quarter Ended		Cumulative 6 Months Ended	
	31 December	31 December	31 December	31 December
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Bank				
Personnel costs	422,761	342,086	795,903	667,280
- Salaries, allowances and bonuses	295,917	262,305	585,153	518,376
- Pension costs	44,990	39,739	87,417	76,660
- Others	81,854	40,042	123,333	72,244
Establishment costs	142,743	136,142	281,673	254,537
- Depreciation	38,089	39,092	76,557	78,404
- Rental of leasehold land and premises	14,888	15,298	29,416	28,469
- Repairs and maintenance of property, plant and equipment	13,838	26,114	29,174	52,427
- Information technology expenses	73,224	54,265	141,358	89,771
- Others	2,704	1,373	5,168	5,466
Marketing expenses	65,232	63,881	131,740	122,382
- Advertisement and publicity	50,341	50,444	100,767	96,056
- Others	14,891	13,437	30,973	26,326
Administration and general expenses	189,028	147,558	362,305	301,108
- Fees and brokerage	74,809	56,481	148,251	127,765
- Administrative expenses	49,269	60,431	100,564	112,716
- General expenses	51,830	19,009	96,951	40,691
- Others	13,120	11,637	16,539	19,936
	819,764	689,667	1,571,621	1,345,307

A18. Allowance for Losses on Loans, Advances and Financing

	2nd Quarter Ended		Cumulative 6 Months Ended	
	31 December	31 December	31 December	31 December
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Group				
Allowance for bad and doubtful debts and financing:				
- general allowance made (net)	118,235	23,754	132,816	32,838
- specific allowance	354,896	496,370	933,987	1,080,150
- specific allowance written back	(156,983)	(122,479)	(360,387)	(377,524)
Bad debts and financing written off	826	40,439	3,321	91,909
Bad debts and financing recovered	(161,536)	(115,651)	(232,247)	(229,341)
Provision for other debts	(1,521)	-	243	-
	153,917	322,433	477,733	598,032
Bank				
Allowance for bad and doubtful debts and financing:				
- general allowance made/(written back)	117,862	24,200	141,585	19,766
- specific allowance	322,064	466,556	904,313	1,014,473
- specific allowance written back	(156,240)	(118,009)	(359,293)	(359,731)
Bad debts and financing written off	803	41,033	3,270	92,503
Bad debts and financing recovered	(129,680)	(124,604)	(199,300)	(219,719)
	154,809	289,176	490,575	547,292

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A19. SEGMENT INFORMATION ON REVENUES, RESULTS, ASSETS AND LIABILITIES

BUSINESS SEGMENT

REVENUE AND EXPENSES	Banking and Finance			Investment Banking			Insurance and Takaful			Others			Eliminations			Consolidated		
	December 2006	December 2005	December 2004	December 2006	December 2005	December 2004	December 2006	December 2005	December 2004	December 2006	December 2005	December 2004	December 2006	December 2005	December 2004	December 2006	December 2005	December 2004
Revenue	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	6,537,290	6,021,184	161,704	234,784	320,437	171,552	7,870	30,695	7,870	30,695	7,870	30,695	-	-	-	7,027,301	6,458,215	6,458,215
Inter-segment revenue	178,959	211,188	214,769	39,593	36,915	130,176	13,162	6,593	13,162	6,593	13,162	6,593	(443,805)	(387,550)	-	-	-	-
Total revenue	6,716,249	6,232,372	376,473	274,377	357,352	301,728	21,032	37,288	21,032	37,288	21,032	37,288	(443,805)	(387,550)	-	7,027,301	6,458,215	6,458,215
Segment results																		
Operating profit	2,372,870	2,419,035	317,857	111,138	119,807	174,862	12,798	(15,826)	12,798	(15,826)	12,798	(15,826)	(338,200)	(224,648)	-	2,485,132	2,484,561	2,484,561
Loan loss and provision	(462,760)	(600,603)	(14,942)	3,115	(43)	(544)	12	-	12	-	12	-	-	-	-	(477,733)	(598,032)	(598,032)
Share of results of associates	-	-	-	-	-	-	1,585	(45)	1,585	(45)	1,585	(45)	-	-	-	1,585	(45)	(45)
Profit before taxation	1,910,110	1,818,432	302,915	114,253	119,764	174,318	14,395	(15,871)	14,395	(15,871)	14,395	(15,871)	(338,200)	(224,648)	-	2,008,984	1,866,484	1,866,484
Taxation & Zakat	(572,305)	(509,980)	(81,541)	(39,812)	(23,948)	(42,764)	(3,465)	(4,857)	(3,465)	(4,857)	(3,465)	(4,857)	90,826	51,411	-	(590,433)	(546,002)	(546,002)
Profit after taxation and zakat	1,337,805	1,308,452	221,374	74,441	95,816	131,554	10,930	(20,728)	10,930	(20,728)	10,930	(20,728)	(247,374)	(173,237)	-	1,418,551	1,320,482	1,320,482
Minority interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(53,463)	(13,458)	(13,458)
Net profit for the year	1,337,805	1,308,452	221,374	74,441	95,816	131,554	10,930	(20,728)	10,930	(20,728)	10,930	(20,728)	(247,374)	(173,237)	-	1,365,088	1,307,024	1,307,024

OTHER INFORMATION

Capital expenditure	118,113	69,488	58,964	490	7,187	821	421	88	421	88	421	88	-	-	-	184,685	70,887	70,887
Depreciation	65,349	80,026	1,191	3,092	2,314	3,261	617	1,309	617	1,309	617	1,309	-	-	-	69,471	87,688	87,688
Non-cash expenses/(income) other than depreciation	46,708	338,940	883	(7,945)	(2,795)	(4,120)	1	18,883	1	18,883	1	18,883	-	-	-	44,797	345,658	345,658

ASSETS AND LIABILITIES

Segment assets	December 2006			December 2005			December 2004			December 2006			December 2005			December 2004		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Investment in associates company	217,864,126	207,993,082	9,226,759	11,186,034	15,729,900	16,750,624	109,322	1,058,700	109,322	1,058,700	109,322	1,058,700	(7,532,628)	(12,792,734)	-	235,397,479	224,195,706	224,195,706
Total assets	7,940	6,635	-	-	-	-	4,143	2,985	4,143	2,985	4,143	2,985	-	-	-	12,083	9,620	9,620
Total segment liabilities	200,850,645	190,799,796	8,727,882	9,910,161	14,172,698	13,181,623	469,283	424,018	469,283	424,018	469,283	424,018	(7,486,069)	(7,584,573)	-	216,734,439	206,731,025	206,731,025

GEOGRAPHICAL SEGMENT

	External Revenue			Profit Before Tax & Zakat			Capital expenditure			Segment assets		
	December 2006	December 2005	December 2004	December 2006	December 2005	December 2004	December 2006	December 2005	December 2004	December 2006	December 2005	December 2004
Malaysia	5,955,001	5,753,110	2,078,493	1,832,063	183,179	63,684	192,873,023	185,489,415	185,489,415	192,873,023	185,489,415	185,489,415
Singapore	909,252	700,870	187,925	169,088	47	6,392	34,629,659	31,899,678	31,899,678	34,629,659	31,899,678	31,899,678
Other locations	606,853	391,785	135,668	89,981	1,459	811	15,439,508	19,608,967	19,608,967	15,439,508	19,608,967	19,608,967
Eliminations	7,471,106	6,845,765	2,402,086	2,091,132	184,685	70,867	242,942,190	236,998,060	236,998,060	242,942,190	236,998,060	236,998,060
Group	(443,805)	(387,550)	(393,102)	(224,848)	-	-	(7,532,628)	(12,792,734)	(12,792,734)	(7,532,628)	(12,792,734)	(12,792,734)
	7,027,301	6,458,215	2,008,984	1,866,484	184,685	70,867	235,409,562	224,205,326	224,205,326	235,409,562	224,205,326	224,205,326

A20. Carrying Amount of Revalued Assets

The Group's and the Bank's property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. There was no change in the valuation of property and equipment that were brought forward from the previous audited annual financial statements for the year ended 30 June 2006.

A21. Subsequent Events

There were no material events subsequent to the balance sheet date, other than that mentioned in Note B8 (e).

A22. Changes in the Composition of the Group

The changes to the composition of the Group during the quarter are further elaborated in Note B8.

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A23. Commitments and Contingencies and Off-Balance Sheet Financial Instruments

In the normal course of business, the Bank and its subsidiaries make various commitments and incur certain contingent liabilities with legal recourse to its customers. No material losses are anticipated as a result of these transactions.

The risk-weighted exposures of the Bank and its subsidiaries as at the following dates are as follows:

Group	As at 31 December 2006			As at 30 June 2006		
	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000	Notional Amount RM'000	Credit Equivalent Amount* RM'000	Risk Weighted Amount* RM'000
Direct credit substitutes	5,634,855	5,634,855	5,133,223	5,719,998	5,719,998	5,397,695
Certain transaction-related contingent items	6,605,273	3,302,607	3,012,076	6,367,217	3,183,608	3,128,665
Short-term self-liquidating trade-related contingencies	6,778,259	1,364,188	588,061	7,707,012	1,541,403	843,044
Islamic housing and hire purchase loans sold to Cagamas Berhad	1,430,457	1,430,457	1,216,029	1,575,756	1,575,756	1,351,664
Obligations under underwriting agreements	965,976	482,988	482,988	742,550	371,275	371,275
Irrevocable commitments to extend credit:						
- maturity within one year	59,459,939	-	-	49,755,601	-	-
- maturity exceeding one year	6,637,122	3,389,057	3,201,172	5,984,817	2,992,409	1,803,568
Foreign exchange related contracts:						
- less than one year	25,254,705	534,332	114,033	26,879,050	249,199	129,920
- one year to less than five years	127,928	2,724	582	59,036	492	257
- five years and above	-	-	-	-	-	-
Interest rate related contracts:						
- less than one year	24,039,869	463,867	150,869	13,096,416	141,387	40,039
- one year to less than five years	1,051,018	21,216	8,757	8,519,746	363,913	102,824
- five years and above	591,366	14,760	5,451	1,709,211	137,204	38,180
Miscellaneous	2,220,717	-	-	2,267,033	-	-
	140,797,484	16,641,051	13,913,241	130,383,443	16,276,644	13,207,131

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A23. Commitments and Contingencies and Off-Balance Sheet Financial Instruments (continued)

	As at 31 December 2006			As at 30 June 2006		
	Notional Amount RM'000	Equivalent Amount* RM'000	Risk Weighted Amount* RM'000	Notional Amount RM'000	Equivalent Amount* RM'000	Risk Weighted Amount* RM'000
Bank						
Direct credit substitutes	4,525,525	4,525,525	4,047,084	4,862,567	4,862,567	4,694,976
Certain transaction-related contingent items	6,581,750	3,290,875	3,003,071	6,343,749	3,171,874	3,115,506
Short-term self-liquidating trade-related contingencies	6,684,585	1,336,917	566,063	7,677,606	1,535,521	842,675
Islamic housing and hire purchase loans sold to Cagamas Berhad	1,430,457	1,430,457	1,216,029	1,575,756	1,575,756	1,351,664
Obligations under underwriting agreements	272,380	136,190	136,190	273,550	136,775	136,775
Irrevocable commitments to extend credit:						
- maturity within one year	59,214,281	-	-	49,703,408	-	-
- maturity exceeding one year	6,532,458	3,266,229	3,201,119	5,933,909	2,966,955	1,778,112
Foreign exchange related contracts:						
- less than one year	25,083,143	534,043	114,033	26,718,442	247,240	128,939
- one year to less than five years	127,928	2,724	582	59,036	492	257
Interest rate related contracts:						
- less than one year	23,927,096	462,955	150,353	12,900,804	136,741	37,566
- one year to less than five years	850,853	16,463	5,347	8,303,651	359,383	98,730
- five years and above	538,418	10,418	3,383	1,688,163	136,152	37,404
Miscellaneous	2,213,114	-	-	2,255,475	-	-
	137,981,988	15,012,796	12,443,254	128,296,116	15,129,456	12,222,604

* The credit equivalent amount and the risk weighted amount are arrived at using the credit conversion factors and risk weights respectively, as specified by Bank Negara Malaysia.

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A23. Commitments and Contingencies and Off-Balance Sheet Financial Instruments (continued)

Market Risk

Market risk is the potential change in value caused by movement in market rates or prices. The contractual amounts provide only a measure of involvement in these types of transactions and do not represent the amounts subject to market risk. Exposure to market risk may be reduced through offsetting on and off-balance sheet positions. As at 31 December 2006, the amount of contracts that was not hedged in the Group and the Bank and, hence, exposed to market risk was RM185.4 million (30 June 2006: RM68.78 million).

Credit Risk

Credit risk arises from the possibility that a counter-party may be unable to meet the terms of a contract in which the Group and the Bank has a gain in a contract. As at 31 December 2006, the amount of credit risk in the Group and the Bank, measured in terms of the cost to replace the profitable contracts, was RM273.0 million (30 June 2006: RM160.56 million). This amount will increase or decrease over the life of the contracts, mainly as a function of maturity dates and market rates or prices.

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A24. Interest/Profit Rate Risk

Group As at 31 December 2006	Non trading book					Non- interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	over 5 RM'000				
ASSETS									
Cash and short-term funds	20,217,539	-	-	-	-	7,227,632	-	27,445,171	4.13
Deposits and placements with banks and other financial institutions	351,013	13,583,271	3,026,531	196,475	-	954,770	-	18,112,060	4.37
Securities purchased under resale agreements	242,580	140,057	-	-	-	-	-	382,637	3.42
Securities held-for-trading	-	-	-	-	-	-	1,784,941	1,784,941	4.13
Securities available-for-sale	-	-	-	-	-	-	30,171,110	30,171,110	4.10
Securities held-to-maturity	26,608	154,960	1,255,928	1,093,740	476,304	28,545	-	3,036,085	4.56
Loans, advances and financing									
- performing	35,693,903	12,732,634	10,673,088	19,832,183	45,021,562	4,740,968	-	128,694,338	6.60
- non-performing*	-	-	-	-	-	2,403,424	-	2,403,424	-
Life, general takaful and family takaful fund assets	-	-	-	-	-	-	-	-	-
Other non-interest sensitive balances	-	-	-	-	-	13,217,339	-	13,217,339	-
TOTAL ASSETS	56,531,643	26,610,922	14,955,547	21,122,398	45,497,866	38,735,135	31,956,051	235,409,562	

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A24. Interest/Profit Rate Risk (contd)

Group As at 31 December 2006	Non trading book					Trading books RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	over 5 RM'000	Non- interest sensitive RM'000		
LIABILITIES AND								
SHAREHOLDERS' EQUITY								
Deposits from customers	62,586,118	22,698,939	32,445,559	2,580,114	267,374	29,791,063	150,369,167	2.30
Deposits and placements of banks and other financial institutions	12,169,841	5,379,271	1,397,093	1,472,149	714,547	1,703,995	22,836,896	3.60
Obligations on securities sold under repurchase agreements	15,342,097	406,264	5,492	-	-	-	15,753,853	2.60
Bills and acceptances payable	90,948	138,745	57,647	-	-	1,258,070	1,545,410	3.86
Recourse obligations on loans sold to Cagamas	-	220,301	802,671	2,261,143	-	-	3,284,115	4.15
Subordinated notes	-	-	-	-	3,841,210	-	3,841,210	4.97
Life, general takaful and family takaful fund liabilities	-	-	-	-	-	863,563	863,563	-
Life, general takaful and family takaful policy holders' funds	-	-	-	-	-	12,353,776	12,353,776	-
Other non-interest sensitive balances	-	-	-	-	-	5,886,449	5,886,449	-
Total Liabilities	90,189,004	28,843,520	34,708,462	6,313,406	4,823,131	51,856,916	216,734,439	
Shareholders' equity	-	-	-	-	-	17,913,594	17,913,594	
Minority interests	-	-	-	-	-	761,529	761,529	
Total Liabilities and Shareholders' Equity	90,189,004	28,843,520	34,708,462	6,313,406	4,823,131	70,532,039	235,409,562	
On-balance sheet interest sensitivity gap	(33,657,361)	(2,232,598)	(19,752,915)	14,808,992	40,674,735	(31,796,904)	31,956,051	-
Off-balance sheet interest sensitivity gap (interest rate swaps)	6,267,443	(517,066)	(510,043)	(329,728)	(4,910,606)	-	-	-
Total interest sensitivity gap	(27,389,918)	(2,749,664)	(20,262,958)	14,479,264	35,764,129	(31,796,904)	31,956,051	-
Cumulative interest rate sensitivity g	(27,389,918)	(30,139,582)	(50,402,540)	(35,923,276)	(159,147)	(31,956,051)	-	-

* This is arrived at after deducting the general allowance and specific allowance from the outstanding non-performing loans.

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A24. Interest/Profit Rate Risk (contd)

Group As at 30 June 2006	Non trading book						Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	over 5 RM'000	Non- interest sensitive RM'000	
ASSETS							
Cash and short-term funds	25,549,788	-	-	-	-	6,485,607	4.22
Deposits and placements with banks and other financial institutions	950,805	1,674,904	1,009,897	63,311	-	352,492	4.75
Securities purchased under resale agreements	1,004,367	499,590	-	-	-	-	3.72
Securities held-for-trading	-	-	-	-	-	-	3.90
Securities available-for-sale	-	-	-	-	-	477,699	4.50
Securities held-to-maturity	505,649	1,206,571	1,522,903	1,547,495	1,015,640	27,445,865	3.68
Loans, advances and financing - performing	20,926,650	18,802,228	11,021,215	16,913,687	42,243,522	-	6.40
- non-performing*	-	-	-	-	-	18,759,786	-
Life, general takaful and family takaful fund assets	-	-	-	-	-	2,786,566	-
balances	-	-	-	-	-	12,120,688	-
TOTAL ASSETS	48,937,259	22,183,293	13,554,015	18,524,493	43,259,162	49,823,540	224,205,326

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A24. Interest/Profit Rate Risk (contd)

Group As at 30 June 2006	Non trading book					Non- interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	over 5 years RM'000				
LIABILITIES AND									
SHAREHOLDERS' EQUITY									
Deposits from customers	62,150,164	12,695,799	23,813,415	1,089,939	15,992	36,452,667	-	136,217,976	2.25
Deposits and placements of banks and other financial institutions	16,310,509	5,203,985	1,566,087	1,729,072	659,104	3,238,818		28,707,575	3.68
Obligations on securities sold under repurchase agreements	9,825,474	2,203,376	247,288	-	-	-	-	12,276,138	3.39
Bills and acceptances payable	643,126	980,409	366,906	-	-	2,827,774	-	4,818,215	3.67
Recourse obligations on loans sold to Cagamas	-	22,936	712,593	2,981,133	10,796	-	-	3,727,458	4.15
Subordinated notes	-	-	-	-	3,896,880	-	-	3,896,880	5.27
Life, general takaful and family takaful fund liabilities	-	-	-	-	-	684,536		684,536	-
Life, general takaful and family takaful policy holders' funds	-	-	-	-	-	11,436,152		11,436,152	-
Other non-interest sensitive balances	-	-	-	-	-	4,966,095		4,966,095	-
Total Liabilities	88,929,273	21,106,505	26,706,289	5,800,144	4,582,772	59,606,042	-	206,731,025	
Shareholders' equity	-	-	-	-	-	16,765,826		16,765,826	
Minority interests	-	-	-	-	-	708,475		708,475	
Total Liabilities and Shareholders' Equity	88,929,273	21,106,505	26,706,289	5,800,144	4,582,772	77,080,343	-	224,205,326	
On-balance sheet interest sensitivity gap	(39,992,014)	1,076,788	(13,152,274)	12,724,349	38,676,390	(27,256,803)	27,923,564	-	
Off-balance sheet interest sensitivity gap (interest rate swaps)	799,135	(328,505)	(161,651)	(338,979)	30,000	-	-	-	
Total interest sensitivity gap	(39,192,879)	748,283	(13,313,925)	12,385,370	38,706,390	(27,256,803)	27,923,564	-	
Cumulative interest rate sensitivity g	(39,192,879)	(38,444,596)	(51,758,521)	(39,373,151)	(666,761)	(27,923,564)	-	-	

* This is arrived at after deducting the general allowance and specific allowance from the outstanding non-performing loans.

A24. Interest/Profit Rate Risk (contd)

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A24. Interest/Profit Rate Risk (cont'd)

Bank As at 31 December 2006	Non trading book					Non- interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	over 5 RM'000				
LIABILITIES AND									
SHAREHOLDERS' EQUITY									
Deposits from customers	59,519,043	16,465,759	31,658,546	2,474,435	260,909	31,340,536	-	141,719,228	2.29
Deposits and placements of banks and other financial institutions	13,523,775	5,351,182	1,255,456	1,468,228	714,547	1,703,023	-	24,016,211	3.60
Obligations on securities sold under repurchase agreements	13,276,660	301,275	3,773	-	-	-	-	13,581,708	2.53
Bills and acceptances payable	90,948	130,903	46,654	-	-	1,251,856	-	1,520,361	3.85
Recourse obligations on loans sold to Cagamas	-	220,301	802,671	2,261,143	-	-	-	3,284,115	4.15
Subordinated notes	-	-	-	-	3,841,210	-	-	3,841,210	4.97
Other non-interest sensitive balances	-	-	-	-	-	4,929,241	-	4,929,241	-
Total Liabilities	86,410,426	22,469,420	33,767,100	6,203,806	4,816,666	39,224,656	-	192,892,074	
Shareholders' equity	-	-	-	-	-	16,311,521	-	16,311,521	
Total Liabilities and Shareholders' Equity	86,410,426	22,469,420	33,767,100	6,203,806	4,816,666	55,536,177	-	209,203,595	
On-balance sheet interest sensitivity gap	(32,317,924)	19,980	(19,984,374)	14,150,280	40,490,732	(28,848,566)	26,489,872	-	
Off-balance sheet interest sensitivity gap (interest rate swaps)	6,267,443	(540,611)	(493,315)	(322,911)	(4,910,606)	-	-	-	
Total interest sensitivity gap	(26,050,481)	(520,631)	(20,477,689)	13,827,369	35,580,126	(28,848,566)	26,489,872	-	
Cumulative interest rate sensitivity g	(26,050,481)	(26,571,112)	(47,048,801)	(33,221,432)	2,358,694	(26,489,872)			

* This is arrived at after deducting the general allowance and specific allowance from the outstanding non-performing loans.

A24. Interest/Profit Rate Risk (contd)

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A24. Interest/Profit Rate Risk (contd)

Bank As at 30 June 2006	Non trading book					Non- interest sensitive RM'000	Trading books RM'000	Total RM'000	Effective interest rate %
	Up to 1 month RM'000	>1 - 3 months RM'000	>3 - 12 months RM'000	>1 - 5 years RM'000	over 5 RM'000				
LIABILITIES AND SHAREHOLDERS' EQUITY									
Deposits from customers	51,482,140	11,888,849	24,032,612	940,212	16,300	36,777,323	-	125,137,436	2.09
Deposits and placements of banks and other financial institutions	15,446,567	5,296,512	1,563,282	1,761,232	671,363	3,298,906	-	28,037,862	3.66
Obligations on securities sold under repurchase agreements	8,766,994	2,203,003	247,288	-	-	-	-	11,217,285	3.39
Bills and acceptances payable	687,490	1,041,326	395,412	-	-	3,044,316	-	5,168,544	3.67
Recourse obligations on loans sold to Cagamas	-	22,936	712,593	2,981,133	10,796	-	-	3,727,458	4.15
Subordinated notes	-	-	-	-	3,896,880	-	-	3,896,880	5.27
Other non-interest sensitive balances	-	-	-	-	-	4,597,447	-	4,597,447	-
Total Liabilities	76,383,191	20,452,626	26,951,187	5,682,577	4,595,339	47,717,992	-	181,782,912	
Shareholders' equity	-	-	-	-	-	15,274,094	-	15,274,094	
Total Liabilities and Shareholders' Equity	76,383,191	20,452,626	26,951,187	5,682,577	4,595,339	62,992,086	-	197,057,006	
On-balance sheet interest sensitivity gap	(32,232,391)	(630,909)	(14,496,871)	12,202,771	38,199,215	(26,662,695)	23,620,880	-	
Off-balance sheet interest sensitivity gap (interest rate swaps)	799,135	(328,505)	(161,651)	(338,979)	30,000	-	-	-	
Total interest sensitivity gap	(31,433,256)	(959,414)	(14,658,522)	11,863,792	38,229,215	(26,662,695)	23,620,880	-	
Cumulative interest rate sensitivity g	(31,433,256)	(32,392,670)	(47,051,192)	(35,187,400)	3,041,815	(23,620,880)	-	-	

* This is arrived at after deducting the general allowance and specific allowance from the outstanding non-performing loans.

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A25. Capital Adequacy

The capital adequacy ratios of the Group and the Bank, based on credit and market risks as at the following dates:

	Group		Bank	
	31 December	30 June	31 December	30 June
	2006	2006	2006	2006
	RM'000	RM'000	RM'000	RM'000
Before deduction of interim dividend:				
Core capital ratio	9.36%	9.91%	10.06%	9.61%
Risk-weighted capital ratio	13.30%	13.88%	13.10%	12.54%
After deduction of interim dividend:				
Core capital ratio	8.66%	9.31%	9.30%	8.96%
Risk-weighted capital ratio	12.61%	13.28%	12.34%	11.89%
Components of Tier I and Tier II capital:				
<u>Tier I capital</u>				
Paid-up share capital	3,843,447	3,796,947	3,843,447	3,796,947
Share premium	2,533,398	2,137,807	2,533,398	2,137,807
Other reserves ¹	9,750,093	10,785,165	9,589,848 ³	9,247,856
Tier I minority interest	217,385	217,385	-	-
Less: Deferred tax assets ¹	(1,177,568)	(1,177,568)	(985,076) ³	(1,120,495)
Total Tier I capital	15,166,755	15,759,736	14,981,617	14,062,115
<u>Tier II capital</u>				
Subordinated obligations	3,841,210	3,896,880	3,841,210	3,896,880
General allowance for bad and doubtful debts	2,552,285	2,415,073	2,400,386	2,258,397
Total Tier II capital	6,393,495	6,311,953	6,241,596	6,155,277
Total capital	21,560,250	22,071,689	21,223,213	20,217,392
Less: Investment in subsidiary companies ²	-	-	(1,716,543)	(1,873,793)
Capital base	21,560,250	22,071,689	19,506,670	18,343,599

¹ Under Bank Negara Guidelines, deferred tax are not allowed for computation of capital adequacy ratios.

² Excludes the cost of investment in a subsidiary, Myfin Berhad (formerly known as Mayban Finance Berhad) of RM840.0 million as its business, assets and liabilities have been transferred to the Bank.

³ The net profit of the Bank for the half year ended 31 December 2006 was subject to a limited review in accordance with Bank Negara Malaysia's Guidelines and accordingly, has been included in the total capital for the purpose of computing the capital adequacy ratio.

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A26. Operations of Islamic Banking

A26a. Unaudited Balance Sheets as at 31 December 2006

	Group		Bank	
	31 December 2006 RM'000	30 June 2006 RM'000	31 December 2006 RM'000	30 June 2006 RM'000
ASSETS				
Cash and short-term funds	4,379,125	3,274,879	4,298,849	3,055,980
Deposits and placements with banks and other financial institutions	890,872	340,069	790,871	340,069
Securities available-for-sale	1,870,549	2,418,341	1,686,845	2,187,434
Securities held-to-maturity	187,069	224,731	187,069	186,400
Financing, advances and other loans	17,297,357	16,677,354	17,297,514	16,677,354
Deferred tax assets	188,994	235,560	188,789	234,063
Other assets	189,411	19,369	86,847	15,937
Statutory deposit with Bank Negara Malaysia	467,000	421,000	467,000	421,000
Total Assets	25,470,377	23,611,303	25,003,784	23,118,237
LIABILITIES				
Deposits from customers	17,688,187	13,593,658	17,595,915	13,366,701
Deposit and placements of banks and other financial institutions	1,726,379	1,523,222	1,606,479	1,477,797
Bills and acceptances payable	279,217	2,213,344	279,216	2,213,344
Other liabilities	1,098,714	1,732,792	1,002,281	1,729,914
Provision for tax expense and zakat	201,397	171,671	200,510	171,385
Subordinated bonds	2,500,000	2,500,000	2,500,000	2,500,000
Total Liabilities	23,493,894	21,734,687	23,184,401	21,459,141
ISLAMIC BANKING FUNDS				
Islamic Banking Funds	534,693	599,880	516,002	516,002
Reserves	1,441,790	1,276,736	1,303,381	1,143,094
	1,976,483	1,876,616	1,819,383	1,659,096
Total Liabilities and Islamic Banking Funds	25,470,377	23,611,303	25,003,784	23,118,237
COMMITMENTS AND CONTINGENCIES	8,526,611	8,541,037	8,526,611	8,541,037

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A26. Operations of Islamic Banking (contd)

A26b. Unaudited Income Statements for the 1st Financial Quarter Ended 30 September 2006

	2nd Quarter Ended		Cumulative 6 Months Ended	
	31 December	31 December	31 December	31 December
	2006	2005	2006	2005
	RM'000	RM'000	RM'000	RM'000
Group				
Income derived from investment of depositors' funds	341,674	298,981	663,072	608,306
Expenses directly attributable to depositors and Islamic Banking Funds	(9,696)	(6,388)	(20,575)	(12,586)
Impairment loss from securities held-to-maturity	-	-	-	-
Transfer from/(to) profit equalisation reserve	34,992	31,899	91,192	31,333
Gross attributable income	366,970	324,492	733,689	627,053
Allowance for losses on financing, advances and other loans	(41,484)	(43,948)	(113,385)	(79,312)
Total attributable income	325,486	280,544	620,304	547,741
Income attributable to the depositors	(140,642)	(105,943)	(251,015)	(223,791)
Income attributable to the Group	184,844	174,601	369,289	323,950
Income derived from investment of Islamic Banking Funds				
Gross investment income	19,592	17,357	36,565	33,138
Finance cost	(25,527)	-	(48,843)	-
Net (loss)/income from investment of Islamic Banking Funds	(5,935)	17,357	(12,278)	33,138
	178,909	191,958	357,011	357,088
Overhead expenses	(74,439)	(5,854)	(156,085)	(11,567)
Profit before zakat and tax expense	104,470	186,104	200,926	345,521
Taxation	(10,092)	(48,283)	(62,189)	(88,635)
Zakat	(1,813)	(18)	(2,412)	(86)
Profit after taxation	92,565	137,803	136,325	256,800
Bank				
Income derived from investment of depositors' funds	335,429	294,620	649,806	594,424
Expenses directly attributable to depositors and Islamic Banking Funds	(8,475)	(8,658)	(18,183)	(14,678)
Transfer from/(to) profit equalisation reserve	35,980	28,644	91,290	27,265
Gross attributable income	362,934	314,606	722,913	607,011
Allowance for losses on financing, advances and other loans	(42,223)	(41,949)	(114,223)	(81,313)
Total attributable income	320,711	272,657	608,690	525,698
Income attributable to the depositors	(139,600)	(104,756)	(248,130)	(220,945)
Income attributable to the reporting institution	181,111	167,901	360,560	304,753
Income derived from investment of Islamic Banking Funds				
Gross investment income	19,590	17,275	36,563	33,056
Finance cost	(25,527)	-	(48,843)	-
Net (loss)/income from investment of Islamic Banking Funds	(5,937)	17,275	(12,280)	33,056
	175,174	185,176	348,280	337,809
Overhead expenses	(74,339)	(5,737)	(155,884)	(11,350)
Profit before zakat and tax expense	100,835	179,439	192,396	326,459
Taxation	(9,172)	(47,584)	(60,890)	(86,030)
Zakat	(1,803)	-	(2,372)	-
Profit after taxation	89,860	131,855	129,134	240,429

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A26b. Unaudited Income Statements for the 1st Financial Quarter Ended 30 September 2006 (Contd)

Reconciliation of net income amalgamated with the conventional banking operations:

	Group		Bank	
	31 December 2006 RM'000	31 December 2005 RM'000	31 December 2006 RM'000	31 December 2005 RM'000
Gross attributable income	733,689	627,053	722,913	607,011
Net income from investment of Islamic Banking Fund:	(12,278)	33,138	(12,280)	33,056
Total income before allowances for loan losses and overheads	721,411	660,191	710,633	640,067
Income attributable to the depositors	(251,015)	(223,791)	(248,130)	(220,945)
Income from Islamic Banking scheme	470,396	436,400	462,503	419,122

A26c. Financing, Advances and Other Loans

	Group		Bank	
	31 December 2006 RM'000	30 June 2006 RM'000	31 December 2006 RM'000	30 June 2006 RM'000
Overdrafts	1,802,230	1,425,584	1,802,230	1,425,584
Term financing				
- House financing	5,273,732	5,322,322	5,273,732	5,322,322
- Syndicated financing	202,214	173,389	202,214	173,389
- Hire purchase receivables	4,433,880	3,730,523	4,433,880	3,730,523
- Other term financing	11,404,246	12,244,460	11,404,246	12,244,460
Trust receipts	137,580	166,766	137,580	166,766
Other financing	3,871,312	3,684,397	3,871,312	3,684,397
	27,125,194	26,747,441	27,125,194	26,747,441
Unearned income	(8,706,910)	(9,055,236)	(8,706,910)	(9,055,236)
Gross loans and financing	18,418,284	17,692,205	18,418,284	17,692,205
Allowance for bad and doubtful debts and financing:				
- specific	(498,332)	(390,937)	(498,332)	(390,937)
- general	(622,595)	(623,914)	(622,438)	(623,914)
Net financing, advances and other loans	17,297,357	16,677,354	17,297,514	16,677,354

A26d. (i) Movements in non-performing financing, advances and other loans ("NPL") are as follows:

	Group		Bank	
	31 December 2006 RM'000	30 June 2006 RM'000	31 December 2006 RM'000	30 June 2006 RM'000
Balance at beginning of the period	1,363,941	1,291,218	1,363,941	1,291,218
Non-performing during the period	501,260	915,069	501,260	915,069
Transfer from the finance subsidiary	8,859	-	8,859	-
Reclassified as performing	(390,361)	(521,462)	(390,361)	(521,462)
Recoveries	(76,208)	(238,946)	(76,208)	(238,946)
Amount written off	(21,362)	(88,740)	(21,362)	(88,740)
Expenses debited to customers' accounts	3,020	6,802	3,020	6,802
Balance at end of the period	1,389,149	1,363,941	1,389,149	1,363,941
Specific allowance	(498,332)	(390,937)	(498,332)	(390,937)
Net non-performing financing, advances and other loans	890,817	973,004	890,817	973,004
Net NPL as % of gross financing, advances and other loans less specific allowance	4.60%	5.15%	4.60%	5.15%

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A26. Operations of Islamic Banking (contd)

A26d. (ii) Movements in the allowance for bad and doubtful debts and financing accounts are as follows:

	Group		Bank	
	31 December 2006 RM'000	30 June 2006 RM'000	31 December 2006 RM'000	30 June 2006 RM'000
<u>General allowance</u>				
At beginning of the period	623,914	609,375	623,914	609,375
Allowance made during the period	157	12,871	-	12,871
Allowance written back	(1,667)	-	(1,667)	-
Transferred upon business acquisition	191	-	191	-
Transfer from specific allowance	-	1,668	-	1,668
At end of the period	<u>622,595</u>	<u>623,914</u>	<u>622,438</u>	<u>623,914</u>
As % gross loans, financing and other loans less specific allowance	<u>3.22%</u>	<u>3.31%</u>	<u>3.22%</u>	<u>3.31%</u>
<u>Specific allowance</u>				
At beginning of the period	390,937	277,770	390,937	277,770
Allowance made during the year	148,253	257,678	148,253	257,678
Transferred upon business acquisition	7,957	-	7,957	-
Amount written back	(27,453)	(54,187)	(27,453)	(54,187)
Amount written off	(21,362)	(88,656)	(21,362)	(88,656)
Transfer to general allowance	-	(1,668)	-	(1,668)
At end of the period	<u>498,332</u>	<u>390,937</u>	<u>498,332</u>	<u>390,937</u>

A26e. Deposits from Customers

(i) By type of deposit

	Group		Bank	
	31 December 2006 RM'000	30 June 2006 RM'000	31 December 2006 RM'000	30 June 2006 RM'000
<u>Mudharabah Fund</u>				
Demand deposits	1,696,800	1,553,036	1,696,800	1,553,036
General investment deposits	6,042,778	4,331,794	6,007,311	4,150,301
Special investment deposits	141,592	632,524	141,592	632,524
	<u>7,881,170</u>	<u>6,517,354</u>	<u>7,845,703</u>	<u>6,335,861</u>
<u>Non-Mudharabah Fund</u>				
Demand deposits	3,693,731	2,557,927	3,636,926	2,512,463
Savings deposits	2,984,325	2,647,960	2,984,325	2,647,960
Negotiable instruments of deposits	3,128,961	1,870,417	3,128,961	1,870,417
	<u>9,807,017</u>	<u>7,076,304</u>	<u>9,750,212</u>	<u>7,030,840</u>
Deposit from Customers	<u>17,688,187</u>	<u>13,593,658</u>	<u>17,595,915</u>	<u>13,366,701</u>

Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B1. Performance Review

The Group's pre-tax profit for the half year ended 31 December 2006 before revaluation of derivatives and securities held for trading but after loan loss provision increased by 23.4% compared to the corresponding period. The growth was largely driven by improvements in net interest income supported by expansion in the insurance and credit card businesses as a result of the acquisition of Malaysia National Insurance Berhad (MNI) and the Malaysian cards business of American Express.

For the half year ended 31 December 2006, the Group recorded an unrealized mark to market loss of its derivatives and securities held for trading amounting to RM82.5 million whereas an unrealized gain amounting to RM171.2 million was recorded in the corresponding period. Consequently, profit after tax of the Group for the half year ended 31 December 2006 increased by 4.4% or RM58.1 million compared to the corresponding period.

B2. Variation of Results Against Preceding Quarter

The Group registered an increase in attributable profit after tax from RM576.0 million for the preceding quarter to RM789.1 million for the quarter just ended, due mainly to higher non interest income for the quarter just ended coupled with the lower charge to loan loss provision.

B3. Prospects

The implementation of projects and recommendations contained in the 9th Malaysia Plan gained further momentum in the current year. This, together with the strategic and business initiatives being pursued by the Group will give us greater confidence to realise our goals for the current financial year.

B4. Profit Forecast or Profit Guarantee

Neither the Group nor the Bank made any profit forecast or issued any profit guarantee.

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B5. Tax Expense and Zakat

The analysis of the tax expense for the year ended 30 June 2006 are as follows:

<u>Group</u>	2nd Quarter Ended		Cumulative 6 Months Ended	
	31 December 2006 RM'000	31 December 2005 RM'000	31 December 2006 RM'000	31 December 2005 RM'000
Malaysian income tax	319,030	292,322	509,025	536,607
Foreign income tax	4,464	1,284	7,598	5,777
	<u>323,494</u>	<u>293,606</u>	<u>516,623</u>	<u>542,384</u>
Underprovision in prior years	-	3,054	-	3,054
Deferred tax expense				
- Origination and reversal of temporary differences	(23,587)	(18,076)	30,244	564
- Due to reduction in statutory rate	-	-	39,756	-
	<u>(23,587)</u>	<u>(18,076)</u>	<u>70,000</u>	<u>564</u>
Share of tax expense in associated companies	-	-	-	-
	<u>299,907</u>	<u>278,584</u>	<u>586,623</u>	<u>546,002</u>
Zakat	2,831	-	3,810	-
	<u>302,738</u>	<u>278,584</u>	<u>590,433</u>	<u>546,002</u>

<u>Bank</u>	2nd Quarter Ended		Cumulative 6 Months Ended	
	31 December 2006 RM'000	31 December 2005 RM'000	31 December 2006 RM'000	31 December 2005 RM'000
Malaysian income tax	332,805	283,862	504,758	504,459
Foreign income tax	825	(1,669)	2,434	1,149
	<u>333,630</u>	<u>282,193</u>	<u>507,192</u>	<u>505,608</u>
Deferred tax expense				
- Origination and reversal of temporary differences	(29,745)	(18,374)	21,155	785
- Due to reduction in statutory rate	-	-	39,723	-
	<u>(29,745)</u>	<u>(18,374)</u>	<u>60,878</u>	<u>785</u>
Zakat	1,802	-	2,372	-
	<u>305,687</u>	<u>263,819</u>	<u>570,442</u>	<u>506,393</u>

The effective tax rate for the period is much higher than the statutory rate due mainly to the transfer of deferred tax to the income statement arising from a change in statutory tax rate from 28% to 27%.

B6. Sale of Unquoted Investments and Properties

The profits from the sale of unquoted investments of the Group and Bank amounted to RM124.4 million and RM95.2 million respectively while the profit from sale of properties amounted to RM70,072 for both the Group and the Bank.

B7. Quoted Securities

Financial institutions are exempted from the disclosure requirements relating to quoted securities.

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B8. Status of Corporate Proposals Announced but Not Completed

(a) Disposal of Mayban Unit Trust Berhad ("MUTB")

The disposal of Maybank's entire 100% stake in MUTB to Amanah Saham Nasional Berhad was completed on 30 November 2006 for a final consideration of RM38.3 million.

(b) Transformation of Aseambankers Malaysia Berhad into an Investment Bank

Aseambankers Malaysia Berhad ("Aseambankers"), a 94.69% owned subsidiary of Maybank, had on 30 December 2006 completed its transformation into an investment bank by completing the following acquisitions:

- i) The assets and liabilities of Mayban Discount Berhad on 11 November 2006;
- ii) 100% equity interest in Mayban Securities (Holdings) Sendirian Berhad on 30 December 2006; and
- iii) The assets and liabilities of Mayban Securities Sendirian Berhad on 30 December 2006.

As such, with effect from 3 January 2007, Aseambankers as a Participating Organisation of Bursa Malaysia Securities Berhad will be able to undertake stockbroking businesses.

(c) Acquisition of Kewangan Bersatu Berhad ("KBB")

The business of KBB was transferred to Maybank on 30 September 2006, pursuant to a vesting order issued by the High Court of Malaya dated 28 September 2006.

The fair values of the assets and liabilities of KBB acquired are as follows:

	RM'000
Total deposits and cash	23,504
Loans and advances and securities	113,968
Other assets	880
Total assets	138,352
Total deposits received	519,211
Other liabilities	96,050
Total liabilities	615,261
Estimated fair value of net liabilities acquired	(476,909)
Consideration received in cash	513,390
Excess of Group's interest over the net fair value of identifiable assets, liabilities and contingent liabilities	36,481
Cash inflow arising from acquisition	
Consideration received in cash	513,390
Add: Cash and cash equivalents received	988
Net cash inflow	514,378

B8. Status of Corporate Proposals Announced but Not Completed

d) Acquisition of Trade Related Assets of American Express ("AMEX")

On 10 October 2006, the acquisition of the trade related assets of AMEX was completed with a payment of RM124.3 million.

(e) Sale of Non-Performing Loans ("NPL")

On 17 January 2007, Maybank entered into two conditional Sale and Purchase Agreements ("SPAs") for the sale of two tranches of long standing corporate non-performing loans ("NPLs") ("Sale"). One tranche of the NPLs will be sold to Gale Force Sdn Bhd, which is a special purpose vehicle ("SPV"). SBIC Investments SA, which is part of Standard Bank of South Africa Group, is a substantial shareholder of the SPV. The other tranche of the NPLs will be sold to Popular Ambience Sdn Bhd, also an SPV, to be jointly owned by Standard Chartered Bank (Hong Kong) Limited and Standard Chartered Bank Malaysia Berhad.

The 2 tranches of the NPLs will be sold for a total cash consideration of about RM424.8 million. At the date of this report, the sale has yet to be completed.

B9. Deposits and Placements of Financial Institutions and Debt Securities

Please refer to note A11 and A12.

B10. Off-Balance Sheet Financial Instruments

Please refer to note A23.

B11. Changes in Material Litigation

As disclosed during the quarter ended 30 June 2006, a subsidiary, Mayban Trustee Berhad ("MTB") and eleven other defendants were served with a writ summon by ten bondholders for an amount of approximately RM157.8 million. MTB was alleged to have acted in breach of trust and negligence in its capacity as Trustee for the bonds issued. The legal suit is pending court hearing and the liability amount, if any, is subject to the court's decision.

The contingent liability is covered by an existing Banker Blanket Bond Policy between the Bank and a subsidiary, Mayban General Assurance Berhad ("MGAB"), which had entered into a facultative reinsurance contract for an insured sum of RM150 million with three other re-insurers. No provision is made in the Group's financial statements.

As at the date of this report, there were no material changes to the status of this litigation.

Other than that stated above, the Group and the Bank do not have any other material litigation that would materially and adversely affect the financial position of the Group and the Bank.

B12. Interim Dividends

The Board of Directors have declared an interim dividend of 40.0 sen per share less 27% tax for the half year ended 31 December 2006 (31 December 2005: nil).

The interim dividend will be paid on 26 April 2007 to shareholders registered in the Register of Members of Maybank on 12 April 2007. Notice is hereby given that the Register of Members of the Company will be closed from 13 April 2007 to 14 April 2007 (both dates inclusive) for the determination of shareholders' entitlement to the interim dividend.

A Depositor shall qualify for entitlement to the interim dividend only in respect of: -

- a) Shares transferred into the Depositors' Securities Account before 4.00 p.m. on 12 April 2007 in respect of transfers.
- b) Shares deposited into the Depositors' Securities Account before 12.30 p.m. on 10 April 2007 in respect of securities exempted from mandatory deposit.
- c) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

B13. Earning Per Share (EPS)

Basic

The basic EPS of the Group is calculated by dividing the net profit for the quarter and the financial year attributable to ordinary share holders of the parent by the weighted-average number of ordinary shares in issue during the quarter and the financial year respectively.

	2nd Quarter Ended		Cumulative 6 Months Ended	
	31 December 2006	31 December 2005	31 December 2006	31 December 2005
Net profit for the period (RM'000)	<u>789,124</u>	634,079	<u>1,365,088</u>	1,307,024
Weighted average number of ordinary shares in issue ('000)	<u>3,834,215</u>	3,764,383	<u>3,818,153</u>	3,745,661
Basic earnings per share (sen)	<u>20.58 sen</u>	16.84 sen	<u>35.75 sen</u>	34.89 sen

Diluted

The diluted EPS of the Group is calculated by dividing the net profit for the quarter and the cumulative period attributable to ordinary share holders of the parent by the weighted-average number of ordinary shares in issue, which has been adjusted for the number of shares that could have been issued under the Maybank Group Employee Share Option Scheme.

In the diluted EPS calculation, it was assumed that the share options were exercised into ordinary shares. A calculation is done to determine the number of shares that could have been issued at fair value (determined as the average price of the Bank's shares during the quarter) based on the monetary value of the subscription rights attached to the outstanding share options. This calculation serves to determine the number of dilutive shares to be added to the weighted-average ordinary shares in issue for the purpose of computing the dilution. No adjustment was made to the net profit for the quarter.

	2nd Quarter Ended		Cumulative 6 Months Ended	
	31 December 2006	31 December 2005	31 December 2006	31 December 2005
Net profit for the period (RM'000)	<u>789,124</u>	634,079	<u>1,365,088</u>	1,307,024
Weighted average number of ordinary shares in issue ('000)	<u>3,834,215</u>	3,764,383	<u>3,818,153</u>	3,745,661
Effects of share option ('000)	<u>18,363</u>	18,893	<u>31,705</u>	19,417
Adjusted weighted average number of ordinary shares in issue or issuable ('000)	<u>3,852,578</u>	3,783,276	<u>3,849,858</u>	3,765,078
Diluted earnings per share (sen)	<u>20.48 sen</u>	16.76 sen	<u>35.46 sen</u>	34.71 sen

By Order of the Board

Mohd Nazlan bin Mohd Ghazali
LS0008977
Company Secretary
21 February 2007